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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 26, 2006

WESTWOOD HOLDINGS GROUP, INC.
(Exact name of registrant as specified in charter)

Delaware	001-31234	75-2969997
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

200 Crescent Court, Suite 1200
Dallas, Texas 75201
(Address of principal executive offices)

(214) 756-6900
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 2.02: RESULTS OF OPERATIONS AND FINANCIAL CONDITION

In accordance with Securities and Exchange Commission Release No. 34-47583, the following information, which is being furnished pursuant to the requirements of Item 2.02, "Results of Operations and Financial Condition," is being reported under Item 7.01, "Regulation FD Disclosure."

On October 26, 2006, Westwood Holdings Group, Inc. issued a press release entitled "Westwood Holdings Group, Inc. Reports Third Quarter 2006 Results and Declares Quarterly Dividend; Assets Under Management Rise to Record \$5.7 Billion at September 30, 2006; Third Quarter Revenue Increases 24.1% and Cash EPS Increases 42.9% Year-over-year", a copy of which is furnished with this Current Report on Form 8-K as Exhibit 99.1. The information in this Current Report on Form 8-K shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended.

ITEM 7.01: REGULATION FD DISCLOSURE

Westwood also announced today that its Board of Directors has approved the payment of a quarterly cash dividend of \$0.15 per common share, payable on January 2, 2007 to stockholders of record on December 15, 2006.

ITEM 9.01: FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits: The following exhibit is furnished with this report:

Exhibit Number	Description
99.1	Press Release dated October 26, 2006, entitled "Westwood Holdings Group, Inc. Reports Third Quarter 2006 Results and Declares Quarterly Dividend; Assets Under Management Rise to Record \$5.7 Billion at September 30, 2006; Third Quarter Revenue Increases 24.1% and Cash EPS Increases 42.9% Year-over-year".

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 26, 2006

WESTWOOD HOLDINGS GROUP, INC.

By: /s/ William R. Hardcastle, Jr.

William R. Hardcastle, Jr.,
Chief Financial Officer

EXHIBIT INDEX

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WESTWOOD HOLDINGS GROUP, INC. REPORTS THIRD QUARTER 2006 RESULTS AND DECLARES
QUARTERLY DIVIDEND

Assets Under Management Rise to Record \$5.7 Billion at September 30, 2006;
Third Quarter Revenue Increases 24.1% and Cash EPS Increases 42.9% Year-Over-
Year

DALLAS, Oct. 26 /PRNewswire-FirstCall/ -- Westwood Holdings Group, Inc. (NYSE: WHG) today reported 2006 third quarter revenues of \$6.9 million, net income of \$921,000 and earnings per diluted share of \$0.16. This compares to revenues of \$5.6 million, net income of \$814,000 and earnings per diluted share of \$0.15 in the third quarter of 2005. For the nine months ended September 30, 2006, Westwood reported revenues of \$20.0 million and net income of \$3.2 million, or \$0.57 per diluted share, compared to revenues of \$15.9 million and net income of \$2.6 million, or \$0.48 per diluted share, for the same 2005 period.

Cash earnings for the third quarter of 2006 were \$2.3 million compared to \$1.5 million for the third quarter of 2005, while cash earnings per share ("Cash EPS") for the third quarter of 2006 was \$0.40 per diluted share compared to \$0.28 per diluted share for the third quarter of 2005. Cash earnings for the nine months ended September 30, 2006 were \$6.4 million compared to \$4.3 million for the same period in 2005, while Cash EPS for the nine months ended September 30, 2006 was \$1.15 per diluted share compared to \$0.78 per diluted share for the same period in 2005. (Cash earnings and Cash EPS are non-GAAP financial measures that are defined, explained and reconciled with the most comparable GAAP financial measures in the attached tables.)

Revenues for the 2006 third quarter increased 24.1% compared to the 2005 third quarter and increased 26.2% for the nine months ended September 30, 2006 compared to the same 2005 period, primarily as a result of increased average assets under management. Assets under management reached the highest level in the Company's history at \$5.7 billion as of September 30, 2006, an increase of 24.7% compared to \$4.6 billion on September 30, 2005. Average assets under management for the third quarter of 2006 were \$5.5 billion, an increase of 25.6% compared with the same period in 2005. The increase in period ending assets under management was principally attributable to inflows of assets from new and existing clients and the market appreciation of assets under management, partially offset by the withdrawal of assets by certain clients.

Total expenses for the third quarter 2006 were \$5.3 million compared to \$4.1 million for the third quarter 2005. Cash expenses, which exclude non-cash equity-based compensation expenses, for the third quarter 2006 were \$3.9 million compared to \$3.4 million for the third quarter 2005. (A definition, explanation and reconciliation of cash expenses to total expenses are included in the attached tables.) The primary driver of the increase in total expenses was higher employee compensation and benefits costs, most of which was due to an increase of approximately \$730,000 in non-cash restricted stock expense due to additional restricted stock grants in July 2006 and grants of performance-based restricted stock to our Chief Executive Officer and Chief Investment Officer in May 2006. Total non-cash equity-based compensation expense was \$1.4 million, or 24 cents per diluted share in the third quarter 2006 compared to \$720,000, or 12 cents per diluted share in the third quarter 2005. In the second quarter of 2006, we concluded that it is probable that we will meet the performance goal required in order for the applicable percentage of these performance-based shares to vest for 2006. As a result, we recognized expense of approximately \$470,000 in each of the second and third quarters of 2006 related to the expected vesting of these shares. We expect to recognize the remaining \$470,000 in the fourth quarter of 2006 related to the 2006 vesting of these performance-based restricted stock grants. The other primary components of the increase in employee compensation and benefits costs were increased salary expense due to salary increases for certain employees and increased headcount as well as increased incentive compensation expense.

Additional items of increased expense for the first nine months of 2006 are the costs related to the recently launched WHG Funds. We launched the WHG Income Opportunity and WHG SMidCap Funds in December 2005, the WHG LargeCap Value Fund in July 2006 and the WHG Balanced Fund in September 2006. We recognized expense of approximately \$80,000 for the third quarter of 2006 and \$167,000 for the nine months ended September 30, 2006 related to the WHG Funds, while we did not incur these expenses in the same 2005 periods. The largest component of these costs is

fund expense reimbursements reflecting our partial subsidy of fund expenses as we have capped the expense ratios for the funds in order to competitively position them in the defined contribution marketplace.

Westwood Trust contributed revenue of \$2.1 million and net income of \$300,000 in the third quarter of 2006, compared to revenue of \$1.8 million and net income of \$217,000 in the third quarter of 2005. Westwood Trust assets under management as of September 30, 2006 were \$1.4 billion, an increase of 18.9% compared to September 30, 2005. Westwood Trust continues to enjoy referrals from existing clients and local professionals.

Westwood also announced today that its Board of Directors has approved the payment of a quarterly cash dividend of \$0.15 per common share, payable on January 2, 2007 to stockholders of record on December 15, 2006.

Mr. Casey commented, "We are pleased to have reached a record \$5.7 billion in assets under management as well as continued strong growth in cash earnings. We are beginning to see renewed interest in our LargeCap Value product as recent improved performance has led to increased search activity. Interest in our SMidCap Value product continues to grow and we are beginning to talk to institutional consultants and clients about our SmallCap Value product, which will complete a three-year track record at the end of 2006. Westwood Trust has enjoyed positive new client growth and our WHG Funds are gaining momentum in the marketplace."

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, foundations, the WHG Funds, a family of institutional, no-load mutual funds, other 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 "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,	
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2006	2005	2006	2005
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REVENUES:				
Advisory fees	\$ 4,391	\$ 3,466	\$ 12,881	\$ 9,966
Trust fees	2,086	1,773	6,026	5,144
Other revenues	418	315	1,138	779
Total revenues	6,895	5,554	20,045	15,889
EXPENSES:				
Employee compensation and benefits	4,058	3,049	10,979	8,328
Sales and marketing	148	110	431	337
WHG mutual funds	80	---	167	---
Information technology	225	199	682	576
Professional services	312	315	1,040	908
General and administrative	508	448	1,522	1,360
Total expenses	5,331	4,121	14,821	11,509
Income before income taxes	1,564	1,433	5,224	4,380
Provision for income taxes	643	619	2,060	1,754
Income before cumulative effect of accounting change	921	814	3,164	2,626
Cumulative effect of change in accounting principle, net of income taxes of \$21	---	---	39	---
Net income	\$ 921	\$ 814	\$ 3,203	\$ 2,626
Earnings per share:				
Basic:				
Continuing operations	\$ 0.16	\$ 0.15	\$ 0.58	\$ 0.48
Cumulative effect of an accounting change	---	---	---	---
Net income	\$ 0.16	\$ 0.15	\$ 0.58	\$ 0.48
Diluted:				
Continuing operations	\$ 0.16	\$ 0.15	\$ 0.56	\$ 0.48
Cumulative effect of an accounting change	---	---	0.01	---
Net income	\$ 0.16	\$ 0.15	\$ 0.57	\$ 0.48

WESTWOOD HOLDINGS GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of September 30, 2006 and December 31, 2005
(in thousands, except par value and share amounts)
(unaudited)

	September 30, 2006	December 31, 2005
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,772	\$ 1,897
Accounts receivable	2,504	2,452
Investments, at market value	15,343	17,878
Other current assets	533	410
Total current assets	26,152	22,637
Goodwill	2,302	2,302
Deferred income taxes	1,092	817
Property and equipment, net of accumulated depreciation of \$718 and \$523	1,334	1,554
Total assets	\$ 30,880	\$ 27,310
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 652	\$ 715
Dividends payable	6,630	539
Compensation and benefits payable	1,896	2,980
Income taxes payable	47	694
Other current liabilities	9	7
Total current liabilities	9,234	4,935

Deferred rent	741	816
Total liabilities	9,975	5,751
Stockholders' Equity:		
Common stock, \$0.01 par value, authorized 10,000,000 shares, issued and outstanding 6,630,056 shares at September 30, 2006; issued and outstanding 5,986,647 shares at December 31, 2005	66	60
Additional paid-in capital	18,768	21,459
Unamortized stock compensation	---	(6,572)
Retained earnings	2,071	6,612
Total stockholders' equity	20,905	21,559
Total liabilities and stockholders' equity	\$ 30,880	\$ 27,310

WESTWOOD HOLDINGS GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	For the nine months ended September 30,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,203	\$ 2,626
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	202	203
Unrealized losses (gains) on investments	13	(132)
Stock option expense	122	188
Restricted stock amortization	3,152	1,457
Deferred income taxes	(296)	(53)
Cumulative effect of change in accounting principle	(39)	---
Net purchases of investments - trading securities	(788)	(469)
Change in operating assets and liabilities:		
Accounts receivable	(52)	(420)
Other current assets	(129)	(19)
Accounts payable and accrued liabilities	(63)	92
Compensation and benefits payable	(1,084)	(719)
Income taxes payable	(286)	358
Other liabilities	8	105
Net cash provided by operating activities	3,963	3,217
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of money market funds - available for sale	(5,536)	(3,574)
Sales of money market funds - available for sale	8,846	6,718
Purchase of property and equipment	(57)	(57)
Net cash provided by investing activities	3,253	3,087
CASH FLOWS FROM FINANCING ACTIVITIES:		
Excess tax benefits from stock based compensation	19	---
Proceeds from exercise of stock options	293	261
Cash dividends	(1,653)	(1,381)
Net cash used in financing activities	(1,341)	(1,120)
NET INCREASE IN CASH	5,875	5,184
Cash and cash equivalents, beginning of period	1,897	720

Cash and cash equivalents, end of period	\$	7,772	\$	5,904
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Supplemental cash flow information:

Cash paid during the period for income taxes	\$	2,622	\$	1,448
Issuance of restricted stock		11,507		3,866
Tax benefit allocated directly to equity		380		150

Reconciliation of Net Income to Cash Earnings and Total Expenses to Cash Expenses

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	% Change
Net Income	\$ 921,000	\$ 814,000	13.1%
Restricted stock expense	1,387,000	657,000	111.1
Stock option expense	500	63,000	(99.2)
Cash earnings	\$ 2,308,500	\$ 1,534,000	50.5
Diluted weighted average shares	5,817,330	5,573,015	4.4
Cash earnings per share	\$ 0.40	\$ 0.28	42.9
Total expenses	\$ 5,331,000	\$ 4,121,000	29.4
Less: Restricted stock expense	(1,387,000)	(657,000)	111.1
Less: Stock option expense	(500)	(63,000)	(99.2)
Cash expenses	\$ 3,943,500	\$ 3,401,000	16.0%

	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005	% Change
Net Income	\$ 3,203,000	\$ 2,626,000	22.0%
Restricted stock expense	3,152,000	1,457,000	116.3
Stock option expense	122,000	187,000	(34.8)
Less: Cumulative effect of change in accounting principle	(39,000)	---	---
Cash earnings	\$ 6,438,000	\$ 4,270,000	50.8
Diluted weighted average shares	5,612,516	5,488,816	2.3
Cash earnings per share	\$ 1.15	\$ 0.78	47.4
Total expenses	\$ 14,821,000	\$ 11,509,000	28.8
Less: Restricted stock expense	(3,152,000)	(1,457,000)	116.3
Less: Stock option expense	(122,000)	(187,000)	(34.8)
Cash expenses	\$ 11,547,000	\$ 9,865,000	17.1%

As supplemental information, we are providing non-GAAP performance measures that we refer to as cash earnings, cash earnings per share (or Cash EPS), and cash expenses. We provide these measures in addition to, but not as a substitute for, net income, earnings per share and total expenses, which are reported on a GAAP basis. Management and our Board of Directors review cash earnings, Cash EPS and cash expenses to evaluate the Company's ongoing performance, allocate resources and review dividend policy. We believe that these non-GAAP performance measures, while not substitutes for GAAP net income, earnings per share and total expenses, are useful for both management and investors to evaluate the Company's underlying operating and financial performance and its available resources. We do not advocate that investors consider these non-GAAP measures without considering financial information prepared in accordance with GAAP.

We define cash earnings as net income plus the non-cash expense associated with equity-based compensation awards of restricted stock and stock options. In calculating cash earnings for the nine months ended September 30, 2006, we also eliminate the non-cash cumulative effect of change in accounting principle associated with our implementation of SFAS 123R. We define cash expenses as

total expenses less non-cash equity-based compensation expense. Although depreciation on fixed assets is a non-cash expense, we do not add it back when calculating cash earnings or deduct it when calculating cash expenses because depreciation charges represent a decline in the value of the related assets that will ultimately require replacement. Cash EPS represents cash earnings divided by diluted weighted average shares outstanding.

CONTACT:

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SOURCE Westwood Holdings Group, Inc.

-0- 10/26/2006

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