

Wilhelmina International, Inc.  
Form 10-K/A  
April 30, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K/A  
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2011

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-28536

WILHELMINA INTERNATIONAL, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

74-2781950  
(I.R.S. Employer  
Identification No.)

200 Crescent Court, Suite 1400, Dallas, Texas  
(Address of Principal Executive Offices)

75201  
(Zip Code)

Registrant's telephone number, including area code (214) 661-7488

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, Par Value \$0.01 Per Share  
(Title of Class)

Series A Junior Participating Preferred Stock Purchase Rights  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The aggregate market value of the registrant's outstanding Common Stock held by non-affiliates of the registrant computed by reference to the price at which the Common Stock was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was \$8,503,012.

As of April 30, 2012, the registrant had 129,440,752 shares of Common Stock outstanding.

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EXPLANATORY NOTE

The purpose of this Amendment No. 1 on Form 10-K/A (the “Amendment”) is to amend and restate Part III, Items 10 through 14 of our previously filed Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on March 29, 2012 (the “Original Form 10-K”), to include information previously omitted in reliance on General Instruction G to Form 10-K, which provides that registrants may incorporate by reference certain information from a definitive proxy statement prepared in connection with the election of directors. We have determined to include such Part III information by amendment of the Original Form 10-K rather than by incorporation by reference to a definitive proxy statement. Accordingly, Part III of the Original Form 10-K is hereby amended and restated as set forth below.

There are no other changes to the Original Form 10-K other than those set forth below. This Amendment does not reflect events occurring after the filing of the Original Form 10-K, nor does it modify or update disclosures therein in any way other than as required to reflect the amendment set forth below. Among other things, forward-looking statements made in the Original Form 10-K have not been revised to reflect events that occurred or facts that became known to us after the filing of the Original Form 10-K, and such forward-looking statements should be read in their historical context.

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WILHELMINA INTERNATIONAL, INC. AND SUBSIDIARIES

Annual Report on Form 10-K/A (Amendment No. 1)

For the Year Ended December 31, 2011

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## PART III

## Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth information regarding the members of the Board of Directors (the “Board”) and the executive officers of Wilhelmina International, Inc. (“we,” “us,” “our,” “Wilhelmina” or the “Company”). Our directors are elected to serve until the next annual meeting of stockholders and until their respective successors have been duly elected and qualified. Our executive officers are appointed by the Board and serve until their successors have been duly appointed and qualified. Additional information regarding our directors and executive officers, including their business experience for the past five years (and in some instances for prior years) and the key attributes, experience and skills that led the Board to conclude that each person should serve as a director is set forth below.

Name	Age	Positions with the Company
Mark E. Schwarz	51	Chairman of the Board and Chief Executive Officer
Clinton Coleman	34	Director
James Dvorak	42	Director
Horst-Dieter Esch	67	Director
Brad Krassner	59	Director
Mark Pape	61	Director
James Roddey	78	Director
John Murray	42	Chief Financial Officer
Evan Stone	40	General Counsel and Secretary

## Mark E. Schwarz

Mr. Schwarz has served as a director and Chairman of the Board since June 2004 and as our Chief Executive Officer since April 2009. He previously served as our Interim Chief Executive Officer beginning in October 2007 and was formally appointed our Interim Chief Executive Officer effective in July 2008. He is the Chairman, Chief Executive Officer and Portfolio Manager of Newcastle Capital Management, L.P. (“NCM”), a private investment management firm he founded in 1993, which is the General Partner of Newcastle Partners, L.P. (“Newcastle”), a private investment firm. Mr. Schwarz has served as Executive Chairman of the Board of Hallmark Financial Services, Inc. (“Hallmark”), a specialty property and casualty insurer, since August 2006. He served as Chief Executive Officer and President of Hallmark from 2003 to August 2006. He currently serves as Chairman of the Board of Bell Industries, Inc., a company primarily engaged in providing computer systems integration services (“Bell Industries”), and Pizza Inn, Inc., an operator and franchisor of pizza restaurants (“Pizza Inn”). He also serves on the board of directors of SL Industries, Inc., a power and data quality products manufacturer. He previously served on the boards of directors of Nashua Corporation, a manufacturer of specialty papers, labels and printing supplies (“Nashua”), from 2001 to September 2009, MedQuist Inc., a provider of clinical documentation workflow solutions in support of electronic health records, from December 2007 to August 2009, WebFinancial Corporation, a holding company with subsidiaries operating in niche banking markets, from July 2001 to December 2008, and Vesta Insurance Group, Inc., a holding company for a group of insurance companies.

With nearly 20 years of experience as an investment manager and a business executive, Mr. Schwarz brings significant leadership, financial expertise, operational skills and public company board of directors and executive experience to the board of directors. Through investments made by NCM and its affiliates, Mr. Schwarz has broad and substantial experience analyzing and advising public companies, including with respect to issues such as corporate governance, capital raising, capital allocation and general operational and business strategy, and has been closely involved in the operations of companies across a range of industries in both director and executive capacities. As our Chief Executive Officer, Mr. Schwarz is closely involved in all of our operations and activities.



Clinton Coleman

Mr. Coleman has served as a director since January 2011. He has served as the Chief Executive Officer of Bell Industries since January 2010, and has been a director since January 2007. Mr. Coleman has served as a Vice President of NCM since July 2005. Mr. Coleman previously served as the Interim Chief Executive Officer of Bell Industries from July 2007 to January 2010 and the Interim Chief Financial Officer of Pizza Inn from July 2006 to January 2007. Prior to joining NCM, Mr. Coleman served as a portfolio analyst with Lockhart Capital Management, L.P., an investment partnership, from October 2003 to June 2005. From March 2002 to October 2003, Mr. Coleman served as an associate with Hunt Investment Group, L.P., a private investment group. Previously, Mr. Coleman was an associate director with the Mergers & Acquisitions Group of UBS. Mr. Coleman is also a director of Pizza Inn and several privately held companies. During the past five years, Mr. Coleman also served as a director of Nashua.

Mr. Coleman brings to the Board extensive experience in investment management and the management of publicly traded and privately held companies engaged in a wide range of industries, including in capacities as director, chief executive officer and chief financial officer. As an investment banker and investment professional, Mr. Coleman also has a strong background analyzing and advising public companies, as well as significant transactional experience.

James Dvorak

Mr. Dvorak has served as a director since January 2011. He has served as a Vice President of NCM since January 2008. Mr. Dvorak served as a consultant and subsequently a Senior Investment Analyst with Falcon Fund Management, a Dallas-based investment firm, from September 2006 to December 2007, and as a Vice President with Fagan Capital, an investment firm located in Irving, Texas, from 1999 to June 2006. Previously, Mr. Dvorak was with Koch Industries, a diversified energy, chemicals and materials provider, as Chief Financial Officer of a business unit and as a board member of a Koch affiliate. Mr. Dvorak has additional experience as a management consultant with Booz Allen & Hamilton in Chicago, Illinois.

Mr. Dvorak brings nearly 20 years of experience as a business executive and professional investor. As a management consultant, Mr. Dvorak was involved in business strategy evaluation and development, new business development, acquisition due diligence, and reorganizations of Fortune 500 businesses. As a financial executive and investment professional, Mr. Dvorak has developed strong skills in business development, financial and operational analysis, capital structure issues, capital allocation, and strategy development and evaluation.

Horst-Dieter Esch

Mr. Esch has served as a director since February 2010. He is a private investor and, since March 2012, has served as the Chairman of the Board of Directors of Snell Real Estate, a leading real estate agency in Las Cabos, Mexico. Since 2008, he served as the Chairman of USA Team Handball, the national governing body for the Olympic sport of handball (“USA Team Handball”). From February 2009 through December 2009, Mr. Esch was a consultant to the Company. Mr. Esch was a principal owner and Chairman of Wilhelmina International, Ltd. (“Wilhelmina International”) and its affiliated companies prior to their sale to the Company in February 2009.



With over 21 years in the model management and artist management businesses, Mr. Esch brings deep experience in the Company's industry to the Board, together with strong leadership, business strategy and business development skills. Given his long time involvement in the modeling industry, Mr. Esch brings a valuable perspective and industry relationships to the Board. In addition, as a former principal owner, Chairman and an officer of the operating subsidiaries of the Company, Mr. Esch is strongly familiar with all aspects of their businesses.

#### Brad Krassner

Mr. Krassner has served as a director since February 2010. He is a private investor and, since 2001, has been the Chief Executive Officer of Rich Media Worldwide, a software development company that markets a proprietary "Realvu" ad serving technology. Mr. Krassner is also President of USA Team Handball. Mr. Krassner was a principal owner of, and consultant to, Wilhelmina International and its affiliated companies prior to their sale to the Company in February 2009.

With over 25 years in the entertainment and artist management businesses (including model management), Mr. Krassner brings deep experience in the Company's industry to the Board, together with strong leadership and business strategy skills. In addition, Mr. Krassner has significant transactional, operational and public company experience through the various businesses that he owned or has been affiliated with, including Magicworks Entertainment Incorporated, a promoter and merchandiser of theatrical shows and other live entertainment that Mr. Krassner ran as Chief Executive Officer and took public in 1996. As a former principal owner of the operating subsidiaries of the Company, Mr. Krassner is strongly familiar with all aspects of their businesses.

#### Mark Pape

Mr. Pape has served as a director since January 2011. He has served as the Chairman of the board of directors of H2Options, Inc., a start-up water conservation design/installation firm, since September 2009, and as the Chief Financial Officer of Oryon Technologies, LLC, a privately-held technology company, since October 2010. Mr. Pape served as a partner at Tatum LLC, an executive services firm, from August 2008 through November 2009. From November 2005 to December 2007, Mr. Pape served as Executive Vice President and Chief Financial Officer at Affirmative Insurance Holdings, Inc., a publicly-traded property and casualty insurance company specializing in non-standard automobile insurance, and served on its board of directors and audit committee from July 2004 to November 2005. Mr. Pape served as the Chief Financial Officer of HomeVestors of America, Inc., a franchisor of home acquisition services, from September 2005 to November 2005, as President and Chief Executive Officer of R.E. Technologies, Inc., a provider of software tools to the housing industry, from April 2002 to May 2005, and as Senior Vice President and Chief Financial Officer of LoanCity.com, a start up e-commerce mortgage bank, from May 1999 to June 2001. Mr. Pape was a member of the board of directors of Specialty Underwriters' Alliance, Inc., a publicly-traded specialty property and casualty insurance company, from July 2009 through November 2009.

With strong experience as a business executive, Mr. Pape brings significant leadership, operational skills and public company board of directors and executive experience to the Board. In addition, Mr. Pape's strong background in finance and financial services, including his significant transactional experience, bolsters the Company's experience in these areas and will be particularly helpful to the Company as it grows.

James Roddey

Mr. Roddey has served as a director since January 2011. He has served as Principal of ParenteBeard, LLP (including through its predecessor McCrory & McDowell LLC), a provider of financial, business and management consulting services, since September 2007. Mr. Roddey was a Partner at the Hawthorne Group, an investment and management company, from January 2004 to September 2007 (and previously from 1978 to 2000). Prior to the Hawthorne Group, from January 2000 to January 2004, Mr. Roddey served as the Chief Executive of Allegheny County, Pennsylvania. Mr. Roddey was a director of SEEC, Inc., a software provider for the insurance and financial services industry, from August 2005 to November 2008. Earlier in his career, Mr. Roddey served as President and a director of Turner Communications, Inc. and Rollins Communication, Inc. and, while associated with the Hawthorne Group, President and Chief Executive Officer of Pittsburgh Outdoor Advertising, Gateway Outdoor Advertising and International Sports Marketing, among other companies.

With over 40 years in the media and advertising industries (including at leading companies such as Turner Communications and Rollins Communication), Mr. Roddey brings to the Board deep experience in an industry closely tied to the Company's business, as well as a number of relevant skills including leadership, finance and executive skills. Through investments made by the Hawthorne Group and the six other public company directorships he has held during his career, Mr. Roddey also has significant experience analyzing and advising public companies. In addition, Mr. Roddey has specific experience in talent representation, through his former association with International Sports Marketing.

John Murray

Mr. Murray has served as our Chief Financial Officer since June 2004. He also served as a director from February 2009 through January 2011. Mr. Murray has served as the Chief Financial Officer of NCM since January 2003. From 1995 until 2002, Mr. Murray was a Certified Public Accountant engaged in his own private practice in Dallas, Texas. From 1991 until 1995, Mr. Murray served as an accountant with Ernst & Young, LLP. Mr. Murray has been a Certified Public Accountant since 1992.

Evan Stone

Mr. Stone has served as our General Counsel since April 2009 and as our Secretary since July 2008. He also served as a director from February 2009 through January 2011. Mr. Stone is a principal of Lee & Stone, LLP, a law firm providing services to the investment community, founded in July 2009. Mr. Stone served as Vice President and General Counsel of NCM from May 2006 to July 2009. Prior to joining NCM, from June 2003 to April 2006 and from 1997 to 1999, he served as a mergers and acquisitions attorney at the law firm Skadden, Arps, Slate, Meagher & Flom LLP in New York. In 2002, Mr. Stone served as Vice President, Corporate Development at Borland Software Inc., a provider of software application lifecycle products. From 2000 to 2001, Mr. Stone was a member of the investment banking department of Merrill Lynch & Co. Mr. Stone is currently a director of Applied Minerals Inc., a nanomaterials producer.

Family Relationships Among Directors and Executive Officers

There are no family relationships among our directors or executive officers.

## Arrangements Regarding Nominations for Election to the Board

We were required to nominate the following persons for election to the Board at our Annual Meeting of Stockholders held on February 5, 2009 (the “2009 Annual Meeting”) pursuant to the acquisition agreement (the “Acquisition Agreement”) entered into in connection with our acquisition of Wilhelmina International and certain of its affiliates (the “Acquisition”), which was consummated in February 2009: Mark E. Schwarz, Jonathan Bren, James Risher, one designee of Dieter Esch, one designee of Brad Krassner and two designees of Newcastle. Mr. Esch’s initial designee was Dr. Hans-Joachim Boehlk, Mr. Krassner’s initial designee was Derek Fromm, and Newcastle’s initial designees were John Murray and Evan Stone. Each of Messrs. Schwarz, Bren, Risher, Fromm, Murray and Stone and Dr. Boehlk were elected to the Board at the 2009 Annual Meeting.

Pursuant to a mutual support agreement entered into in connection with the Acquisition (the “Mutual Support Agreement”), Mr. Esch, his affiliate Lorex Investments AG (“Lorex”), Mr. Krassner, his affiliate Krassner Family Investments Limited Partnership (“Krassner L.P.” and together with Mr. Esch, Lorex and Mr. Krassner, the “Control Sellers”) and Newcastle agreed, effective upon the closing of the Acquisition, that, among other things, each of the parties would (a) use their commercially reasonable efforts to cause their representatives serving on the Board to vote to nominate and recommend the election of their designees and, in the event the Board will appoint directors without stockholder approval, to use their commercially reasonable efforts to cause their representatives on the Board to appoint their designees to the Board, (b) vote their shares of common stock to elect their designees at any meeting of our stockholders or pursuant to any action by written consent in lieu of a meeting pursuant to which directors are to be elected to the Board, and (c) not to propose, and to vote their shares of common stock against, any amendment to our Certificate of Incorporation or Bylaws, or the adoption of any other corporate measure, that frustrates or circumvents the provisions of the Mutual Support Agreement with respect to the election of their designees. The obligations of the parties under the Mutual Support Agreement terminate upon the earlier of (a) the written agreement of all of the parties or (b) the date on which two of the three groups of parties to the Mutual Support Agreement (Mr. Esch and his affiliates as one group, Mr. Krassner and his affiliates as another group, and Newcastle as another group) each owns less than 5% of the common stock outstanding.

On November 18, 2009 and November 19, 2009, respectively, Dr. Boehlk and Mr. Fromm resigned as directors of the Company. Messrs. Esch and Krassner later designated themselves as their respective designees pursuant to the Mutual Support Agreement. On February 4, 2010, the Board appointed Messrs. Esch and Krassner to serve as directors.

On October 18, 2010, Newcastle and the Control Sellers entered into an Amendment to the Mutual Support Agreement (the “MSA Amendment”) for the purpose of providing a procedure for the nomination, election and removal of independent members of the Board.

Pursuant to the MSA Amendment, the parties agreed (a) to cause their representatives serving on the Board to vote to nominate and recommend the election of (i) one individual (the “NP Independent Representative”) selected by Messrs. Esch and Krassner from a list of at least four Qualifying Unaffiliated Individuals (as defined below) pre-approved by Newcastle (two of whom are required to be Enhanced QUIs (as defined below)) and (ii) one individual (the “Seller Independent Representative” and together with the NP Independent Representative, the “Independent Designees”) selected by Newcastle from a list of at least four Qualifying Unaffiliated Individuals pre-approved by Messrs. Esch and Krassner (two of whom are required to be Enhanced QUIs) and, in the event the Board will appoint directors without stockholder approval, to cause their representatives on the Board to appoint applicable Independent Designee(s) to the Board (including to fill any vacancy caused by the death, incapacity, resignation or removal of an applicable Independent Designee), (b) to vote their shares of common stock to elect the Independent Designees at any meeting of the Company’s stockholders or pursuant to any action by written consent in lieu of meeting pursuant to which directors are to be elected to the Board, and (c) to vote against and not to propose the removal of either Independent Designee unless both parties vote for such removal.



For purposes of the MSA Amendment, (a) a “Qualifying Unaffiliated Individual” generally means an individual that (i) meets the director independence standards of The NASDAQ Stock Market LLC (“Nasdaq”), (ii) is not an affiliate of the parties or the Company or a holder of 5% or more of any class of equity interests in the parties or any of their affiliates (other than the Company) and (iii) has or maintains no Economic Relationship (as defined below) with any of the parties, the Company or any affiliate thereof, (b) an individual is generally considered to have an “Economic Relationship” with another person if such individual (or any affiliate thereof) receives (or has received in the prior five years) a material direct financial benefit from such other person (e.g., material salary or fees, material contractual payments under a commercial contract, equity or debt investment proceeds, etc.), (c) an “Enhanced QUI” generally means an individual that (i) meets the Qualifying Unaffiliated Individual standard and, in addition, (ii) is not a Close Long Time Personal Friend (as defined below) of the party pre-approving such individual, (d) a “Close Long Time Personal Friend” of a pre-approving party generally means an individual who has had Meaningful Social Contact (as defined below) on at least a monthly basis for at least ten months out of every year starting 1990 or earlier up to the present with Messrs. Krassner or Esch (if Messrs. Krassner and Esch are the pre-approving parties) or with Messrs. Schwarz, Murray or Stone (if Newcastle is the pre-approving party), and (e) “Meaningful Social Contact” generally means in-person, pre-arranged (between the relevant principals and the Close Long Time Personal Friend) social contact that is one-on-one or involves a group of no more than 10 people and which (i) focuses principally on non-professional and non-business related topics and (ii) occurs in a non-professional setting (e.g., residential setting, restaurant, etc.); provided that, without limitation, (A) any spontaneous contact (e.g., “running into” each other) in any location (whether or not occurring with frequency) and (B) contact occurring in larger group social setting or event not organized by a relevant principal or the Close Long Time Personal Friend or spouse of either or Close Long Time Personal Friend of both (e.g., a party at a third party’s home or club, a class, football game, concert, etc.) are expressly excluded as “Meaningful Social Contact.”

Pursuant to the MSA Amendment, the parties agreed to an annual selection process with respect to the Independent Designees. Under the MSA Amendment, a list of pre-approved nominees meeting the applicable standards (a) was required to be delivered to the other party (i) with respect to the 2011 Annual Meeting of Stockholders (the “2011 Annual Meeting”), no later than the date that was one week from the date of execution of the MSA Amendment and (ii) with respect to the following Annual Meeting of Stockholders for 2011, no later than February 15, 2011, and (b) is required to be delivered to the other party with respect to each Annual Meeting of Stockholders thereafter, no later than the date that is 75 calendar days prior to the mailing date of the proxy statement for the prior year’s annual meeting. The MSA Amendment also contains procedures for the re-nomination of Independent Designees who were previously appointed or elected to the Board in lieu of the annual selection process. On December 9, 2010, the parties agreed by mutual consent to delay the selection date for the Independent Designees for the 2011 Annual Meeting to December 21, 2010.

Mark Pape (selected from a list pre-approved by Newcastle) and James Roddey (selected from a list pre-approved by Messrs. Esch and Krassner) were selected as the Independent Designees for the 2011 Annual Meeting. In connection with our prior annual meeting of stockholders held on February 7, 2012 (the “2012 Annual Meeting”), in lieu of the annual selection process, each of Newcastle and Messrs. Esch and Krassner, respectively, determined to re-nominate Mr. Pape and Mr. Roddey as the Independent Designees to the Board.

In addition to the obligations set forth above, the parties also agreed under the MSA Amendment (a) to vote against and not to propose (i) any amendment to the Certificate of Incorporation or Bylaws or the adoption of any other corporate measure that (A) reduces or fixes the size of the Board below seven directors or increases or fixes the size of the Board in excess of seven directors or (B) provides that directors shall be elected other than on an annual basis and (b) not to seek to advise, encourage or influence (or form, join or in any way participate in any “group” or act in concert with) any other person with respect to the voting of any Company voting securities inconsistent with the foregoing. Pursuant to the MSA Amendment, the parties also agreed that, beginning with the 2011 Annual Meeting and so long as the Mutual Support Agreement remains in effect, the parties will cause their representatives on the Board to vote to maintain the size of the Board at seven directors, unless otherwise agreed to by the respective Board designees of the parties.

Effective upon the date of the 2011 Annual Meeting, Newcastle designated Messrs. Coleman and Dvorak as its designees pursuant to the Mutual Support Agreement (replacing Messrs. Murray and Stone).

Although the Company is not a party to the Mutual Support Agreement, the Board unanimously approved the nomination of each of the designees thereunder for election to the Board at each of the 2011 Annual Meeting and the 2012 Annual Meeting.

#### Audit Committee

The Board has a separately-designated Audit Committee (the “Audit Committee”). The Audit Committee, among other things, meets with our independent registered public accounting firm and management representatives, recommends to the Board appointment of an independent registered public accounting firm, approves the scope of audits and other services to be performed by the independent registered public accounting firm, considers whether the performance of any professional services by the independent registered public accounting firm other than services provided in connection with the audit function could impair the independence of the independent registered public accounting firm, and reviews the results of audits and the accounting principles applied in financial reporting and financial and operational controls. The independent registered public accounting firm has unrestricted access to the Audit Committee and vice versa.

The Audit Committee is comprised of Mark Pape (Chairman) and James Roddey. Both Mr. Pape and Mr. Roddey are “independent,” as independence for Audit Committee members is defined under the listing standards of Nasdaq. The Board has determined that each of Messrs. Pape and Roddey qualify as an “audit committee financial expert,” as defined under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

#### Code of Conduct and Ethics

Effective April 15, 2009, the Board adopted a revised Code of Business Conduct and Ethics (the “Code of Ethics”) that amended and restated our previous code of ethics. The Code of Ethics sets forth legal and ethical standards of conduct for our directors, officers and employees and includes provisions specifically designed to help and guide our directors, officers and employees to: (i) avoid violations of laws, rules and regulations and promote disclosure to us of any such violations that become known; (ii) refrain from engaging in any activity or having a personal interest that presents a “conflict of interest” and promote disclosure to us of any such “conflicts of interest”; (iii) avoid violations of insider trading laws; (iv) maintain the confidentiality of confidential information entrusted to them in connection with their position with, or service to, us; (v) endeavor to deal honestly, ethically and fairly with our suppliers, customers, competitors and employees; (vi) protect our assets and refrain from using our assets and services for personal benefit; (vii) comply with applicable law and our policy regarding gifts, gratuities, favors and business entertainment expenses; (viii) accurately report all business transactions and accurately maintain our books, records and accounts in accordance with applicable regulations and standards; (ix) disclose concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal accounting controls or auditing matters; (x) avoid

making any direct or indirect materially false or misleading statements to an accountant in connection with any audit, review or examination of our financial statements and avoid any direct or indirect action to coerce, manipulate, mislead or fraudulently influence any independent public or certified public accountant engaged in the performance of an audit or review of our financial statements; and (xi) comply with reporting and compliance procedures under the Code of Ethics. The Code of Ethics also sets forth procedures to obtain waivers of the Code of Ethics, as well as to amend and disseminate the Code of Ethics. The Code of Ethics is available at the Investor Relations section of our website, [www.wilhelmina.com/investor\\_relations.cfm](http://www.wilhelmina.com/investor_relations.cfm).

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of a registered class of our equity securities to file with the Securities and Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file.

Based solely on a review of the copies of the Section 16(a) reports furnished to us and written representations that no other reports were required during the fiscal year ended December 31, 2011, we believe that our directors, executive officers and greater than 10% stockholders complied with all applicable Section 16(a) filing requirements during fiscal 2011, except as set forth below.

On January 6, 2011, Mr. Esch filed a Statement of Changes in Beneficial Ownership on Form 4 which did not timely report the following purchases of common stock: (i) 100,000 shares on December 17, 2010, (ii) 200,000 shares on December 23, 2010, and (iii) 20,000 shares on December 31, 2010.

On October 11, 2011, Mr. Esch filed a Statement of Changes in Beneficial Ownership on Form 4 which did not timely report the disposition of a total of 100,000 shares of common stock on October 6, 2011.

In addition, the following noncompliance with applicable Section 16(a) filing requirements during fiscal 2010 came to the Company's attention during fiscal 2011:

On December 6, 2011, Mr. Krassner filed a Statement of Changes in Beneficial Ownership on Form 4 which did not timely report the purchase of a total of 100,000 shares of common stock on December 16, 2010.

## Item 11. Executive Compensation

### Summary Compensation Table

The following table sets forth information with respect to compensation earned by our Chief Executive Officer, Chief Financial Officer and General Counsel for each of the last two years. We refer to these executive officers as our "named executive officers."



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Name and Principal Position	Year	Salary (\$)	Bonus (\$)	All Other Compensation (\$)	Total (\$)
Mark E. Schwarz	2011	150,000	-	-	150,000
Chief Executive Officer	2010	175,000	-	-	175,000
John Murray	2011	200,000	75,000 (1)	-	275,000
Chief Financial Officer	2010	204,166	75,000 (1)	-	279,166
Evan Stone	2011	125,000	-	-	125,000
General Counsel and Secretary	2010	145,833	-	-	145,833

(1) Represents a cash bonus paid to Mr. Murray.

Employment Agreements and Arrangements

Messrs. Sc