

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

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.

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.

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.

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."

| 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. Schwarz, Murray and Stone are employed on an “at will” basis and do not have employment, severance or change in control agreements with the Company.

Potential Payments Upon Termination or Change in Control

We have no plans or other arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement or change in control) or other events following a change in control.

Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth certain information regarding equity awards held by the named executive officers as of December 31, 2011.

| Name | Option Awards | | Option Exercise Price (\$) | Option Expiration Date |
|-----------------|-----------------------------------------------------------------------------|----------------|-------------------------------------|------------------------------|
| | Number of Securities Underlying Unexercised Options Exercisable(#) | Unexercised(#) | | |
| Mark E. Schwarz | - | - | - | - |
| John Murray | 50,000 | 0 | 0.28 | 06/18/14 |
| Evan Stone | - | - | - | - |

Director Compensation

For the fiscal year ended December 31, 2011, each of our non-employee directors was entitled to compensation consisting of \$28,000 in fees, stock options to purchase 100,000 shares of common stock, or a combination of cash and options. Each of our non-employee directors elected to receive their annual compensation for 2011 all in cash.

For the fiscal year ended December 31, 2011, Mark Pape earned an annual cash retainer of \$2,500 for his service as the Chairman of the Audit Committee and \$1,000 for his service as a member of the Compensation Committee. In addition, James Roddey earned an annual cash retainer of \$1,500 for his service as the Chairman of the Compensation Committee and \$2,000 for his service as a member of the Audit Committee.

The following table sets forth information with respect to compensation earned by or awarded to each non-employee director who served on the Board during the year ended December 31, 2011.

| Name | Fees Earned or Paid in Cash (\$) | All Other Compensation (\$) | Total (\$) |
|--------------------|-------------------------------------------|-----------------------------------|---------------|
| Horst-Dieter Esch | 28,000 | - | 28,000 |
| Brad Krassner | 28,000 | - | 28,000 |
| Clinton Coleman(1) | 21,000 | - | 21,000 |
| James Dvorak(1) | 21,000 | - | 21,000 |
| Mark Pape(1) | 24,500 | - | 24,500 |
| James Roddey(1) | 24,500 | - | 24,500 |

(1) Elected to the Board in January 2011.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information regarding the number of shares of our common stock beneficially owned as of April 30, 2012 by:

- each person who is known by us to beneficially own 5% or more of our common stock;
 - each of our directors and named executive officers; and
 - all of our directors and executive officers as a group.

As of April 30, 2012, 129,440,752 shares of our common stock were outstanding. Unless otherwise indicated, the common stock beneficially owned by a holder includes shares owned by a spouse, minor children and relatives sharing the same home, as well as entities owned or controlled by such holders, and also includes options to purchase shares of our common stock exercisable within 60 days of April 30, 2012. Except as otherwise set forth below, the address of each of the persons or entities listed in the table is c/o Wilhelmina International, Inc., 200 Crescent Court, Suite 1400, Dallas, Texas 75201.

| Name of Beneficial Owner | Common Stock | | (1) |
|----------------------------------------------------------------|----------------|------|-----|
| | Shares | % | |
| 5% or Greater Stockholders | | | |
| Newcastle Partners, L.P.(2) | 34,064,466(3) | 26.3 | |
| Lores Investments AG(4) | 28,677,115(5) | 22.2 | |
| Krassner Family Investments Limited Partnership(6) | 29,759,077(7) | 23.0 | |
| Directors and Named Executive Officers | | | |
| Mark E. Schwarz | 34,064,466(8) | 26.3 | |
| Clinton Coleman | 0 | - | |
| James Dvorak | 0 | - | |
| Horst-Dieter Esch | 29,177,115(9) | 22.5 | |
| Brad Krassner | 29,992,317(10) | 23.2 | |
| Mark Pape | 0 | - | |
| James Roddey | 0 | - | |
| John Murray | 50,000 | (11) | * |
| Evan Stone | 0 | - | |
| All directors and executive officers as a group (nine persons) | 93,283,898(12) | 72.0 | |

* Less than 1%

(1) Based on 129,440,752 shares of common stock outstanding as of April 30, 2012. With the exception of shares that may be acquired by employees pursuant to our 401(k) retirement plan, a person is deemed to be the beneficial owner of common stock that can be acquired within 60 days of April 30, 2012, upon the exercise of options. Each beneficial owner's percentage ownership of common stock is determined by assuming that options that are held by such person, but not those held by any other person, and that are exercisable within 60 days of April 30, 2012 have been exercised.

(2) The business address of Newcastle is 200 Crescent Court, Suite 1400, Dallas, Texas 75201.

- (3) Consists of shares of common stock held by Newcastle, as disclosed in Amendment No. 6 to a Schedule 13D filed with the SEC on October 21, 2010. NCM, as the general partner of Newcastle, may be deemed to beneficially own the shares held by Newcastle. Newcastle Capital Group, L.L.C. ("NCG"), as the general partner of NCM, which in turn is the general partner of Newcastle, may be deemed to beneficially own the shares held by Newcastle. Mark E. Schwarz, as the managing member of NCG, the general partner of NCM, which in turn is the general partner of Newcastle, may also be deemed to beneficially own the shares held by Newcastle. Each of NCM, NCG and Mr. Schwarz disclaims beneficial ownership of the shares held by Newcastle except to the extent of their pecuniary interest therein.
- (4) The business address of Lorex is c/o Mattig-Suter und Partner Industriestrasse 22 6302 Zug, Switzerland.
- (5) Consists of shares of common stock held by Lorex, based on information provided to us by Lorex. As disclosed in a Statement of Changes in Beneficial Ownership on Form 4 filed with the SEC by Dieter Esch on February 24, 2012, Mr. Esch is the sole stockholder of Lorex and Peter Marty is the sole officer and director of Lorex. Mr. Esch and Mr. Marty share voting and dispositive power over the shares held by Lorex. Mr. Marty has no pecuniary interest in the shares held by Lorex.
- (6) The business address of Krassner L.P. is 31 East Rivo Alto, Miami Beach, Florida 33139.
- (7) Consists of shares of common stock held by Krassner L.P., based on information provided to us by Krassner L.P. As disclosed in a Statement of Changes in Beneficial Ownership on Form 4 filed with the SEC by Brad Krassner on February 24, 2012, Krassner Investments, Inc. ("Krassner Inc.") is the general partner of Krassner L.P. and therefore has voting and dispositive power over these shares. Krassner Inc. disclaims any pecuniary interest in these shares except to the extent of its ownership interest in Krassner L.P. (it owns a 1% interest in Krassner L.P.). Mr. Krassner is the President, Director and sole stockholder of Krassner Inc. Mr. Krassner, individually, and the Krassner Family Investment Trust ("Krassner Trust") are the limited partners of Krassner L.P. Mr. Krassner's children are the beneficiaries of the Krassner Trust and his mother is a trustee of the Krassner Trust. Mr. Krassner and the Krassner Trust disclaim any pecuniary interest in these shares except to the extent of their ownership interest therein (Mr. Krassner owns an 83.5% limited partnership interest in Krassner L.P. and the Krassner Trust owns a 15.5% limited partnership interest in Krassner L.P.). By virtue of his position with Krassner L.P., Mr. Krassner has the sole power to vote and dispose of the shares owned by Krassner L.P.
- (8) Consists of 34,064,466 shares of common stock held by Newcastle. Mr. Schwarz may be deemed to beneficially own the shares held by Newcastle by virtue of his power to vote and dispose of such shares. Mr. Schwarz disclaims beneficial ownership of the shares held by Newcastle except to the extent of his pecuniary interest therein.
- (9) Consists of 500,000 shares of common stock held by Dieter Esch and 28,677,115 shares of common stock held by Lorex. Mr. Esch is the sole stockholder of Lorex and Peter Marty is the sole officer and director of Lorex. Mr. Esch and Mr. Marty share voting and dispositive power over the shares held by Lorex. Mr. Marty has no pecuniary interest in the shares held by Lorex.
- (10) Consists of 233,240 shares of common stock held by Brad Krassner and 29,759,077 shares of common stock held by Krassner L.P. Krassner Inc. is the general partner of Krassner L.P. and therefore has voting and dispositive power over these shares. Krassner Inc. disclaims any pecuniary interest in these shares except to the extent of its ownership interest in Krassner L.P. (it owns a 1% interest in Krassner L.P.). Mr. Krassner is the President, Director and sole stockholder of Krassner Inc. Mr. Krassner, individually, and the Krassner Trust are the limited partners of Krassner L.P. Mr. Krassner's children are the beneficiaries of the Krassner Trust and his mother is a trustee of the Krassner Trust. Mr. Krassner and the Krassner Trust disclaim any pecuniary interest in these shares except to the extent of their ownership interest therein (Mr. Krassner owns an 83.5% limited partnership interest

in Krassner L.P. and the Krassner Trust owns a 15.5% limited partnership interest in Krassner L.P.). By virtue of his position with Krassner L.P., Mr. Krassner has the sole power to vote and dispose of the shares owned by Krassner L.P.

(11) Consists of shares of common stock issuable upon the exercise of options held by John Murray individually. Mr. Murray is the Chief Financial Officer of NCM. Mr. Murray disclaims beneficial ownership of the 34,064,466 shares held by Newcastle.

(12) Consists of 93,233,898 shares of common stock and 50,000 shares of common stock issuable upon the exercise of options.

Equity Compensation Plan Information

2011 Incentive Plan

On May 2, 2011, our Board approved the Wilhelmina International, Inc. 2011 Incentive Plan (the “2011 Plan”). The 2011 Plan is effective as of May 2, 2011 and was approved by a majority of our stockholders at the 2012 Annual Meeting. The 2011 Plan is intended as an incentive to retain and to attract directors, officers, consultants, advisors and employees, as well as to encourage a sense of proprietorship and stimulate the active interest of such persons in our development and financial success.

The 2011 Plan provides for the granting of incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights, and other equity incentives, including stock or stock based awards (collectively, the “Plan Rights”), to persons eligible to participate in the 2011 Plan. The 2011 Plan shall satisfy the performance-based compensation exception to the limitation on our tax deductions imposed by Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to those options and stock appreciation rights for which qualification for such exception is intended (“Section 162(m) Grants”).

In the event option grants are intended to qualify as Section 162(m) Grants, the requirements as to stockholder approval set forth in Section 162(m) of the Code must be satisfied.

A total of 6,000,000 shares of our common stock are subject to the 2011 Plan. The maximum number of shares that may be subject to options and stock appreciation rights granted under the 2011 Plan to any individual in any calendar year may not exceed 2,000,000. Should any Plan Right expire or be canceled prior to its exercise or vesting in full or should the number of shares of common stock to be delivered upon the exercise or vesting in full of a Plan Right be reduced for any reason, the shares of common stock subject to such Plan Right may be subject to future Plan Rights under the Plan, unless such reissuance is inconsistent with the provisions of Section 162(m) of the Code.

The 2011 Plan is to be administered by a committee consisting of two or more directors appointed by our Board (the “Plan Committee”), which may be the Compensation Committee of the Board. Under the 2011 Plan, the Plan Committee will be comprised solely of “non-employee directors” within the meaning of Rule 16b-3 of the Exchange Act, and “outside directors” within the meaning of Section 162(m) of the Code, which individuals will serve at the pleasure of our Board. In the event that for any reason the Plan Committee is unable to act or if the Plan Committee at the time of any grant, award or other acquisition under the 2011 Plan does not consist of two or more “non-employee directors,” or if there is no such Plan Committee, then the 2011 Plan will be administered by our Board, provided that grants to our Chief Executive Officer or to any covered employee within the meaning of Section 162(m) of the Code that are intended to qualify as Section 162(m) Grants may only be granted by a properly constituted Plan Committee, subject to ratification by our Board. Except in the case of Section 162(m) Grants (the recipients, terms and conditions of which the Plan Committee has full power and authority to determine, subject to Board ratification), the recipients, terms and conditions of grants under the 2011 Plan are recommended by the Plan Committee to the Board for approval. The Plan Committee will interpret the 2011 Plan and all Plan Rights granted thereunder and make all other determinations necessary or advisable for the administration of the 2011 Plan. Our Board has designated the Compensation Committee of the Board as the Plan Committee.

The 2011 Plan provides for the early expiration of options and stock appreciation rights in the event of certain terminations of employment of the recipients thereof. Options and stock appreciation rights granted under the 2011 Plan are not transferable and may be exercised solely by the recipient thereof during his lifetime or after his death by the person or persons entitled thereto under his will or the laws of descent and distribution. Upon the occurrence of a “change of control” (as defined in the 2011 Plan), the Plan Committee may accelerate the vesting and/or exercisability of certain Plan Rights under the Plan. The 2011 Plan contains a clawback provision that permits the Plan Committee to, in all appropriate circumstances and in accordance with guidance issued by the SEC, require reimbursement of any annual incentive payment including incentive options and nonqualified options to an executive officer where: (a) the payment was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of our financial statements filed with the SEC; and (b) a lower payment would have been made to the executive based upon the restated financial results. The 2011 Plan expires on May 1, 2021, and no grants may be made pursuant to the 2011 Plan after such date.

1996 Employee Comprehensive Stock Plan and 1996 Non-Employee Director Plan

We had previously adopted the 1996 Employee Comprehensive Stock Plan (“1996 Comprehensive Plan”) and the 1996 Non-Employee Director Plan (the “1996 Director Plan”) under which our officers, employees and affiliates, and our non-employee directors, respectively, were eligible to receive stock option grants. Our employees were also eligible to receive restricted stock grants under the 1996 Comprehensive Plan. We previously reserved 14,500,000 and 1,300,000 shares of common stock for issuance pursuant to the 1996 Comprehensive Plan and the 1996 Director Plan, respectively. The 1996 Comprehensive Plan and the 1996 Director Plan expired on July 10, 2006, and therefore we are no longer permitted to grant new options under either plan. The expiration of the 1996 Comprehensive Plan and the 1996 Director Plan does not affect outstanding option grants, which will expire in accordance with their terms.

Equity Compensation Plan Table

The following table summarizes the equity compensation plans under which common stock may be issued as of December 31, 2011:

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (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 | 2,050,000 | \$ 0.24 | 4,000,000 |
| Equity compensation plans not approved by security holders | - | - | - |
| Total | 2,050,000 | \$ 0.24 | 4,000,000 |

Item 13. Certain Relationships and Related Transactions, and Director Independence

Review, Approval or Ratification of Transactions with Related Persons

The Board reviews all relationships and transactions with the Company in which our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. The Board is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material interest in the transaction. As required under SEC rules, transactions that are determined to be directly or indirectly material to us or a related person are disclosed in our Annual Report on Form 10-K and our proxy statement with respect to the election of directors. In addition, the Audit Committee reviews and approves or ratifies any related person transaction that is required to be disclosed. In the course of its review and approval or ratification of a related party transaction to be disclosed, the Audit Committee considers: (i) the nature of the related person's interest in the transaction, (ii) the material terms of the transaction, including, without limitation, the amount and type of transaction, (iii) the importance of the transaction to the related person, (iv) the importance of the transaction to the Company, (v) whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the Company and (vi) any other matters the Audit Committee deems appropriate.

Any member of the Board who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction, provided, however, that such director may be counted in determining the presence of a quorum at a meeting of the Board or committee that considers the transaction.

Transactions with Related Persons

Transactions with Newcastle and our Affiliates

Our corporate headquarters are currently located at 200 Crescent Court, Suite 1400, Dallas, Texas 75201, which is also an office of NCM. Pursuant to an oral agreement, we previously occupied a portion of NCM's office space on a month-to-month basis at no charge, and received accounting and administrative services from employees of NCM at no charge. Effective October 1, 2006, the parties formalized this arrangement by executing a services agreement. Pursuant to the services agreement, we continue to occupy a portion of NCM's office space on a month-to-month basis at \$2,500 per month and incur additional fees to NCM for accounting and administrative services provided by employees of NCM. During the fiscal years ended December 31, 2011 and 2010, we incurred fees (including the payments for the NCM office space) of approximately \$30,000 and \$30,000, respectively, under the services agreement.

On August 25, 2008, concurrently with the execution of the Acquisition Agreement, we entered into a purchase agreement with Newcastle for the purpose of obtaining financing to complete the Acquisition (the "Equity Financing Agreement"). Pursuant to the Equity Financing Agreement, upon the closing of the Acquisition, we sold to Newcastle \$3,000,000 (12,145,749 shares) of common stock at \$0.247 per share, or approximately (but slightly higher than) the per share price applicable to the common stock issuable under the Acquisition Agreement. In addition, under the Equity Financing Agreement, Newcastle committed to purchase, at our election at any time or times prior to six months following the closing of the Acquisition, up to an additional \$2,000,000 (8,097,166 shares) of common stock on the same terms. This election right expired on August 13, 2009. The Equity Financing Agreement was approved by an independent special committee of the Board (the "Special Committee") on August 18, 2008 and recommended to the full Board for approval. The Board approved the Equity Financing Agreement on the recommendation of the Special Committee on August 20, 2008.

Concurrently with the closing of the Equity Financing Agreement, and as a condition thereto, the parties entered into a registration rights agreement, pursuant to which Newcastle was granted certain demand and piggyback registration rights with respect to the common stock it holds, including the common stock issuable under the Equity Financing Agreement.

Mr. Schwarz, our Chief Executive Officer and Chairman of the Board, is the Chairman, Chief Executive Officer and Portfolio Manager of NCM, which is the General Partner of Newcastle. Mr. Murray, our Chief Financial Officer, is the Chief Financial Officer of NCM. Mr. Stone, our General Counsel, is a former Vice President and General Counsel of NCM. Messrs. Coleman and Dvorak, who each serve on our Board, are Vice Presidents of NCM.

Transactions with Messrs. Esch and Krassner

Under the Acquisition Agreement, the Control Sellers received \$14,521,967 in cash (including \$6,000,000 received by Krassner L.P. in repayment of an outstanding note held by Krassner L.P.) and \$7,609,336 (63,411,131 shares) of common stock upon the consummation of the Acquisition (based on the closing price of the shares on such date). The purchase price was subject to certain post-closing adjustments, which were to be effected against 18,811,687 shares (the "Restricted Shares") of common stock issued to the Control Sellers that were held in escrow pursuant to the Acquisition Agreement in respect of the "core" business price adjustment. The Control Sellers also had the right to receive earn out payments, subject to certain offsets, based on the operating results of Wilhelmina Artist Management, LLC ("WAM") and Wilhelmina Miami, Inc. ("Wilhelmina Miami"), our wholly owned subsidiaries, for the three year period beginning January 1, 2009.

After the closing of the Acquisition, the parties became engaged in a dispute relating to a purchase price adjustment being sought by the Company in connection with the Acquisition and other related matters. On October 18, 2010, Newcastle and the Control Sellers entered into a Global Settlement Agreement (the "Settlement Agreement") which provided that (a) all of the Restricted Shares were released to the Control Sellers, (b) all of the Company's future earn-out obligations relating to WAM were cancelled and (c) (i) approximately 39% (representing the amount that would otherwise be paid to Krassner L.P.) of the first \$2,000,000 of the Company's earn-out obligations relating to the operating results of Wilhelmina Miami (defined herein as the "Miami Earnout") was cancelled and (ii) approximately 69% (representing the amounts that would otherwise be paid in the aggregate to Krassner L.P. and Lorex) of any such Miami Earnout obligation over \$2,000,000 was cancelled. With respect to any portion of the Miami Earnout that may become payable, the Company further agreed not to assert any setoff thereto in respect of (a) any negative closing net asset adjustment determined under the Acquisition Agreement or (b) any divisional loss in respect of WAM. The Settlement Agreement also provided for the dismissal of then pending litigation between the Company and the Control Sellers regarding the Restricted Shares, customary mutual releases, and the withdrawal of indemnification claims under the Acquisition Agreement, except that the Company preserved indemnification rights with respect to certain specified matters. The Company also agreed to reimburse certain documented legal fees (not to exceed \$300,000) of the Control Sellers.

The Control Sellers are also parties to a registration rights agreement entered into in connection with the Acquisition Agreement, pursuant to which the Control Sellers, among others, obtained certain demand and piggyback registration rights with respect to the common stock issued to them under the Acquisition Agreement.

On February 13, 2009, in order to facilitate the closing of the Acquisition Agreement, we entered into that certain letter agreement with Mr. Esch (the "Esch Letter Agreement"), pursuant to which Mr. Esch agreed that \$1,750,000 of the cash proceeds to be paid to him at the closing of the Acquisition Agreement would instead be held in escrow. Under the terms of the Esch Letter Agreement, all or a portion of such amount held in escrow was required to be used to satisfy the indebtedness of Wilhelmina International to Signature Bank in connection with the credit facility we had in place at that time with Signature Bank (the "Signature Credit Facility") upon the occurrence of specified events including, but not limited to, written notification by Signature Bank to Wilhelmina International of the termination or acceleration of the Signature Credit Facility. Any amount remaining was required to be released to Mr. Esch upon the replacement or extension of the Signature Credit Facility, subject to certain requirements set forth in the Esch Letter Agreement. The Esch Letter Agreement also provided that in the event any portion of the proceeds was paid from escrow to Signature Bank, we would promptly issue to Mr. Esch, in replacement thereof, a promissory note in the principal amount of the amount paid to Signature Bank.

On December 30, 2009, Signature Bank delivered a demand letter (the "Demand Letter") to us and Wilhelmina International requesting the immediate payment of all outstanding principal and accrued interest in the aggregate amount of approximately \$2,019,000 under the Signature Credit Facility. The delivery of the Demand Letter requesting mandatory repayment of principal under the Signature Credit Facility triggered a "Bank Payoff Event" under the Esch Letter Agreement. Accordingly, pursuant to the terms of the Esch Letter Agreement, the aggregate amount of \$1,750,000 that was held in escrow was released and paid to Signature Bank (the "Escrow Payoff") and we issued to Mr. Esch a promissory note in the principal amount of \$1,750,000 (the "Esch Note"). The effective interest rate of the Esch Note was prime plus approximately 0.58%, or approximately 3.83%. Principal under the Esch Note was repaid in quarterly installments of \$250,000 until December 31, 2010 when the unpaid principal and interest thereon were to have become due and payable.

On December 7, 2010, we and Mr. Esch entered into an amendment (the “Esch Amendment”) to the Esch Note. Under the Esch Amendment, (1) the maturity date of the Esch Note was extended to June 30, 2011 (from December 31, 2010) and (2) commencing January 1, 2011, the interest rate on outstanding principal under the Esch Note increased to 9.0% per annum. In addition, \$400,000 was paid on December 31, 2010 and March 31, 2011 and \$200,000 was paid on June 30, 2011, pursuant to the Esch Amendment. The Esch Note has been paid in full. The amount of total principal and interest paid to Mr. Esch was \$1,750,000 and \$70,514, respectively.

In September 2009, we entered into a consulting agreement with Mr. Esch pursuant to which Mr. Esch would serve as a consultant for \$150,000 per annum, which agreement was terminated in December 2009. Mr. Esch received a total of \$37,500 in consulting fees under this arrangement.

Mr. Esch also provides a personal guarantee of our corporate American Express card.

Director Independence

Annually, as well as in connection with the election or appointment of a new director to the Board, the Board considers the business and charitable relationships between it and each director and determines whether such director is “independent” under Nasdaq’s listing standards. Accordingly, the Board has determined that Mark Pape and James Roddey are independent under Nasdaq’s listing standards. Messrs. Schwarz, Esch and Krassner are not independent under Nasdaq’s listing standards. As of the date hereof, the Board has not made a determination regarding independence with respect to Messrs. Coleman and Dvorak. The Audit Committee is comprised of Messrs. Pape (Chairman) and Roddey, both of whom are independent under Nasdaq’s listing standards applicable to Audit Committee members. The Compensation Committee is also composed of Messrs. Pape and Roddey. The Company does not have a separately-designated Nominating Committee at this time.

Item 14. Principal Accountant Fees and Services

Fees Billed During Fiscal 2011 and 2010

Audit Fees

The aggregate fees billed by Burton McCumber & Cortez, L.L.P. (“Burton McCumber”), our independent registered public accounting firm, for professional services required for the audit of our annual financial statements included in our Annual Report on Form 10-K and the review of the interim financial statements included in our Quarterly Reports on Form 10-Q, and other services that are normally provided in connection with statutory or regulatory filings or engagements, were \$186,852 and \$191,419 for fiscal years 2011 and 2010, respectively.

Audit-Related Fees

We did not engage or pay Burton McCumber for assurance and related services in fiscal years 2011 and 2010.

Tax Fees

We did not engage or pay Burton McCumber for professional services relating to tax compliance, tax advice or tax planning in fiscal years 2011 and 2010.

All Other Fees

Other than the services described above, we did not engage or pay Burton McCumber for services in fiscal years 2011 and 2010.

Pre-Approval Policies and Procedures

All audit and non-audit services to be performed by our independent registered public accounting firm must be approved in advance by the Audit Committee. Consistent with applicable law, limited amounts of services, other than audit, review or attest services, may be approved by one or more members of the Audit Committee pursuant to authority delegated by the Audit Committee, provided each such approved service is reported to the full Audit Committee at its next meeting.

All of the engagements and fees for the fiscal years ended December 31, 2011 and December 31, 2010 were pre-approved by the Audit Committee. In connection with the audit of our financial statements for the fiscal year ended December 31, 2011, Burton McCumber only used full-time, permanent employees.

The Audit Committee has considered whether the provision by Burton McCumber of the services covered by the fees other than the audit fees is compatible with maintaining Burton McCumber's independence and believes that it is compatible.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents Filed as Part of Report

1. Financial Statements:

The Consolidated Financial Statements of the Company and the related report of the Company's independent public accountants thereon have been filed under Item 8 hereof.

2. Financial Statement Schedules:

The information required by this item is not applicable.

3. Exhibits:

The exhibits listed below are filed as part of or incorporated by reference in this report. Where such filing is made by incorporation by reference to a previously filed document, such document is identified in parentheses. See the Index of Exhibits included with the exhibits filed as a part of this report.

| Exhibit Number | Description of Exhibits |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1 | Plan of Merger and Acquisition Agreement between Billing Concepts Corp., CRM Acquisition Corp., Computer Resources Management, Inc. and Michael A. Harrelson, dated June 1, 1997 (incorporated by reference from Exhibit 2.1 to Form 10-Q, dated June 30, 1997). |
| 2.2 | Stock Purchase Agreement between Billing Concepts Corp. and Princeton TeleCom Corporation, dated September 4, 1998 (incorporated by reference from Exhibit 2.2 to Form 10-K, dated September 30, 1998). |
| 2.3 | Stock Purchase Agreement between Billing Concepts Corp. and Princeton eCom Corporation, dated February 21, 2000 (incorporated by reference from Exhibit 2.1 to Form 8-K, dated March 16, 2000). |
| 2.4 | Agreement and Plan of Merger between Billing Concepts Corp., Billing Concepts, Inc., Enhanced Services Billing, Inc., BC Transaction Processing Services, Inc., Aptis, Inc., Operator Service Company, BC Holding I Corporation, BC Holding II Corporation, BC Holding III Corporation, BC Acquisition I Corporation, BC Acquisition II Corporation, BC Acquisition III Corporation and BC Acquisition IV Corporation, dated September 15, 2000 (incorporated by reference from Exhibit 2.1 to Form 8-K, dated September 15, 2000). |
| 2.5 | Stock Purchase Agreement by and among New Century Equity Holdings Corp., Mellon Ventures, L.P., Lazard Technology Partners II LP, Conning Capital Partners VI, L.P. and Princeton eCom Corporation, dated March 25, 2004 (incorporated by reference from Exhibit 10.1 to Form 8-K, dated March 29, 2004). |
| 2.6 | Series A Convertible 4% Preferred Stock Purchase Agreement by and between New Century Equity Holdings Corp. and Newcastle Partners, L.P., dated June 18, 2004 (incorporated by reference from Exhibit 2.1 to Form 8-K, dated June 30, 2004). |

- 2.7 Agreement by and among New Century Equity Holdings Corp., Wilhelmina Acquisition Corp., Wilhelmina International, Ltd., Wilhelmina – Miami, Inc., Wilhelmina Artist Management LLC, Wilhelmina Licensing LLC, Wilhelmina Film & TV Productions LLC, Dieter Esch, Lorex Investments AG, Brad Krassner, Krassner Family Investments, L.P., Sean Patterson and the shareholders of Wilhelmina – Miami, Inc., dated August 25, 2008 (incorporated by reference from Exhibit 10.1 to Form 8-K, dated August 26, 2008).
- 2.8 Purchase Agreement by and between New Century Equity Holdings Corp. and Newcastle Partners, L.P., dated August 25, 2008 (incorporated by reference from Exhibit 10.3 to Form 8-K, dated August 26, 2008).
- 2.9 Letter Agreement, dated February 13, 2009, by and among New Century Equity Holdings Corp., Wilhelmina Acquisition Corp., Wilhelmina International Ltd., Wilhelmina – Miami, Inc., Wilhelmina Artist Management LLC, Wilhelmina Licensing LLC, Wilhelmina Film & TV Productions LLC, Dieter Esch, Lorex Investments AG, Brad Krassner, Krassner Family Investments Limited Partnership, Sean Patterson and the shareholders of Wilhelmina – Miami, Inc. (incorporated by reference from Exhibit 10.1 to Form 8-K, dated February 18, 2009).
- 3.1 Restated Certificate of Incorporation of Wilhelmina International, Inc. (incorporated by reference from Exhibit 3.1 to Form S-1/A, dated January 30, 2012).
- 3.2 Amended and Restated Bylaws of Wilhelmina International, Inc. (incorporated by reference from Exhibit 3.2 to Form 8-K, dated May 18, 2011).
- 4.1 Form of Stock Certificate of Common Stock of Billing Concepts Corp. (incorporated by reference from Exhibit 4.1 to Form 10-Q, dated March 31, 1998).
- 4.2 Rights Agreement, dated as of July 10, 2006, by and between New Century Equity Holdings Corp. and The Bank of New York Trust Company, N.A. (incorporated by reference from Exhibit 4.2 to Form 8-K, dated July 10, 2006).
- 4.3 Amendment to Rights Agreement, dated August 25, 2008, by and between New Century Equity Holdings Corp. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated August 26, 2008).
- 4.4 Form of Rights Certificate (incorporated by reference from Exhibit 4.1 to Form 8-K, dated July 10, 2006).
- 4.5 Registration Rights Agreement, dated August 25, 2008, by and among New Century Equity Holdings Corp., Dieter Esch, Lorex Investments AG, Brad Krassner, Krassner Family Investments, L.P. and Sean Patterson (incorporated by reference from Exhibit 10.2 to Form 8-K, dated August 26, 2008).
- 4.6 Registration Rights Agreement, dated February 13, 2009, by and between New Century Equity Holdings Corp. and Newcastle Partners, L.P. (incorporated by reference from Exhibit 10.3 to Form 8-K, dated February 18, 2009).
- 4.7 Second Amendment to Rights Agreement, dated July 20, 2009, by and between the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated July 21, 2009).
- 4.8 Third Amendment to Rights Agreement, dated February 9, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated February 10, 2010).

- 4.9 Fourth Amendment to Rights Agreement, dated March 26, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated March 30, 2010).
- 4.10 Fifth Amendment to Rights Agreement, dated April 29, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated May 3, 2010).
- 4.11 Sixth Amendment to Rights Agreement, dated June 2, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated June 2, 2010).
- 4.12 Seventh Amendment to Rights Agreement, dated July 2, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated July 2, 2010).
- 4.13 Eighth Amendment to Rights Agreement, dated August 2, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated August 2, 2010).
- 4.14 Ninth Amendment to Rights Agreement, dated September 2, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated September 2, 2010).
- 4.15 Tenth Amendment to Rights Agreement, dated October 1, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated October 1, 2010).
- 4.16 Eleventh Amendment to Rights Agreement, dated October 18, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated October 21, 2010).
- 4.17 Twelfth Amendment to Rights Agreement, dated December 8, 2010, by and between Wilhelmina International, Inc. and the Bank of New York Mellon Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to Form 8-K, dated December 9, 2010).
- *10.1 Billing Concepts Corp's 1996 Employee Comprehensive Stock Plan amended as of August 31, 1999 (incorporated by reference from Exhibit 10.8 to Form 10-K, dated September 30, 1999).
- *10.2 Form of Option Agreement between Billing Concepts Corp. and its employees under the 1996 Employee Comprehensive Stock Plan (incorporated by reference from Exhibit 10.9 to Form 10-K, dated September 30, 1999).
- *10.3 Amended and Restated 1996 Non-Employee Director Plan of Billing Concept Corp. amended as of August 31, 1999 (incorporated by reference from Exhibit 10.10 to Form 10-K, dated September 30, 1999).
- *10.4 Form of Option Agreement between Billing Concepts Corp. and non-employee directors (incorporated by reference from Exhibit 10.11 to Form 10-K, dated September 30, 1998).
- *10.5 Billing Concept Corp.'s 401(k) Retirement Plan (incorporated by reference from Exhibit 10.14 to Form 10-K, dated September 30, 2000).
- 10.6 Revenue Sharing Agreement, dated as of October 5, 2005, by and between New Century Equity Holdings Corp. and ACP Investments LP (incorporated by reference from Exhibit 10.1 to Form 10-Q, dated September 30, 2005).

- 10.7 Principals Agreement, dated as of October 5, 2005, by and between New Century Equity Holdings Corp. and ACP Investments LP (incorporated by reference from Exhibit 10.2 to Form 10-Q, dated September 30, 2005).
- *10.8 Employment Agreement by and among New Century Equity Holdings Corp., Wilhelmina International, Ltd. and Sean Patterson, dated November 10, 2008 (incorporated by reference from Exhibit 10.1 to Form 10-Q, dated September 30, 2008).
- 10.9 Letter Agreement, dated February 13, 2009, by and between New Century Equity Holdings Corp. and Dieter Esch (incorporated by reference from Exhibit 10.2 to Form 8-K, dated February 18, 2009).
- 10.10 Promissory Note, dated December 31, 2009, issued by Wilhelmina International, Inc. to Dieter Esch (incorporated by reference from Exhibit 10.1 to Form 8-K, dated January 6, 2010).
- 10.11 Global Settlement Agreement, dated October 18, 2010, by and among Wilhelmina International, Inc., Newcastle Partners, L.P., Dieter Esch, Lorex Investments AG, Brad Krassner and Krassner Family Investments Limited Partnership (incorporated by reference from Exhibit 10.1 to Form 8-K, dated October 21, 2010).
- 10.12 Mutual Support Agreement, dated August 25, 2008, by and among Newcastle Partners, L.P., Dieter Esch, Lorex Investments AG, Brad Krassner and Krassner Family Investments Limited Partnership (incorporated by reference from Annex D to the Proxy Statement on Schedule 14A filed December 22, 2008).
- 10.13 First Amendment to Mutual Support Agreement, dated October 18, 2010, by and among Newcastle Partners, L.P., Dieter Esch, Lorex Investments AG, Brad Krassner and Krassner Family Investments Limited Partnership (incorporated by reference from Exhibit 10.2 to Form 8-K, dated October 21, 2010).
- 10.14 Amendment to Promissory Note, dated December 7, 2010, issued by Wilhelmina International, Inc. to Dieter Esch (incorporated by reference from Exhibit 10.1 to Form 8-K, dated December 9, 2010).
- 10.15 Credit Agreement, dated as of April 29, 2011, by and between Wilhelmina International, Inc. and Amegy Bank National Association. (incorporated by reference from Exhibit 10.1 to Form 8-K, dated April 29, 2011).
- 10.16 Promissory Note, dated as of April 20, 2011, of Wilhelmina International, Inc. for the benefit of Amegy Bank National Association (incorporated by reference from Exhibit 10.2 to Form 8-K, dated April 29, 2011).
- 10.17 Pledge and Security Agreement, dated as of April 20, 2011, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association (incorporated by reference from Exhibit 10.3 to Form 8-K, dated April 29, 2011).
- 10.18 Guaranty, dated as of April 20, 2011, by the guarantor signatories thereto for the benefit of Amegy Bank National Association (incorporated by reference from Exhibit 10.4 to Form 8-K, dated April 29, 2011).
- 10.19 Wilhelmina International, Inc. 2011 Incentive Plan (incorporated by reference from Exhibit 10.5 to Form 8-K, dated April 29, 2011).
- 10.20 Form of Option Agreement (incorporated by reference from Exhibit 10.6 to Form 8-K, dated April 29, 2011).

- 10.21 First Amendment to Credit Agreement, dated January 1, 2012, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association (incorporated by reference from Exhibit 10.1 to Form 8-K, dated January 12, 2012).
- 10.22 Amended and Restated Line of Credit Promissory Note, dated as of January 1, 2012, by Wilhelmina International, Inc. for the benefit of Amegy Bank National Association (incorporated by reference from Exhibit 10.2 to Form 8-K, dated January 12, 2012).
- 10.23 First Amendment to Pledge and Security Agreement, dated as of January 1, 2012, by and among Wilhelmina International, Inc., the guarantor signatories thereto and Amegy Bank National Association (incorporated by reference from Exhibit 10.3 to Form 8-K, dated January 12, 2012).
- 14.1 Wilhelmina International, Inc. Code of Business Conduct and Ethics (incorporated by reference from Exhibit 14.1 to Form 8-K, dated April 21, 2009).
- 21.1 List of Subsidiaries (incorporated by reference from Exhibit 21.1 to Form 10-K, dated December 31, 2010).
- 23.1 Consent of Burton, McCumber & Cortez, L.L.P. (previously filed with the Original Form 10-K).
- 31.1 Certification of Principal Executive Officer in Accordance with Section 302 of the Sarbanes-Oxley Act (filed herewith).
- 31.2 Certification of Principal Financial Officer in Accordance with Section 302 of the Sarbanes-Oxley Act (filed herewith).
- 32.1 Certification of Principal Executive Officer in Accordance with Section 906 of the Sarbanes-Oxley Act (previously filed with the Original Form 10-K).
- 32.2 Certification of Principal Financial Officer in Accordance with Section 906 of the Sarbanes-Oxley Act (previously filed with the Original Form 10-K).

* Includes compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WILHELMINA INTERNATIONAL, INC.

| | |
|--------|----------------------------------------------------------|
| By: | /s/ Mark E. Schwarz |
| Name: | Mark E. Schwarz |
| Title: | Chief Executive Officer (Principal Executive Officer) |

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 30th day of April, 2012.

| | |
|----------------------------------------|---------------------------------------------------------------------------------------|
| /s/ Mark E. Schwarz Mark E. Schwarz | Chief Executive Officer and Chairman of the Board (Principal Executive Officer) |
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| /s/ John Murray John P. Murray | Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) |
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| Brad Krassner | Director |
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| Dieter Esch | Director |
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| /s/ Clinton Coleman Clinton Coleman | Director |
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| /s/ James Dvorak James Dvorak | Director |
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| /s/ Mark Pape Mark Pape | Director |
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| /s/ James Roddey James Roddey | Director |
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