

HALLWOOD GROUP INC

Form 8-K

July 20, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to SECTION 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 18, 2005**

The Hallwood Group Incorporated

(Exact name of registrant as specified in its charter)

Delaware

001-08303

51-0261339

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

3710 Rawlins, Suite 1500, Dallas, Texas

75219

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(214) 528-5588**

(Former name or former address, if changed since last report.)

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

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

Item 8.01. Other Events.

On July 18, 2005, Hallwood Energy III, L.P. (HEIII), a private energy Delaware limited partnership of which The Hallwood Group Incorporated (the Company) owned approximately 28% (24% after consideration of profit interests), completed a merger (the Merger) with an independent oil and gas company and one of its subsidiaries, under which the oil and gas company acquired HEIII. The merger agreement provided for a total price of \$246.5 million, which was subject to reduction for outstanding debt, transaction costs, changes in working capital and certain other matters. After these reductions and adjustments, the oil and gas company paid a total of approximately \$235 million at the closing, including debt owed by HEIII, and management of HEIII anticipates that an additional \$2.5 million will be paid upon final calculation of working capital, which is anticipated to be completed by September 30, 2005.

Accordingly, in exchange for its interest in HEIII, the Company received a cash payment of \$54.8 million and anticipates that it will receive approximately an additional \$600,000 after calculation of HEIII s working capital is completed.

Certain statements in this report may constitute forward-looking statements which are subject to known and unknown risks and uncertainties including, among other things, that the receipt of any additional amounts depends on calculations that have not been completed and may be subject to change.

SIGNATURES

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

**THE HALLWOOD GROUP
INCORPORATED**

Date: July 19, 2005

By: /s/ Melvin J. Melle
Name: Melvin J. Melle
Title: Vice President