

Hilltop Holdings Inc.  
Form S-4/A  
July 03, 2014

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As filed with the Securities and Exchange Commission on July 3, 2014

Registration No. 333-196367

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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Amendment No. 1  
to

**Form S-4**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**Hilltop Holdings Inc.**

(Exact name of registrant as specified in its charter)

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**Maryland**

(State or other jurisdiction of  
incorporation)

**6331**

(Primary Standard Industrial  
Classification Code Number)

**200 Crescent Court, Suite 1330**

**Dallas, Texas 75201**

**(214) 855-2177**

(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

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**84-1477939**

(I.R.S. Employer  
Identification Number)

**Corey G. Prestidge  
General Counsel and Secretary  
200 Crescent Court, Suite 1330  
Dallas, Texas 75201  
(214) 855-2177**

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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David E. Shapiro  
Gordon S. Moodie  
Wachtell, Lipton, Rosen & Katz  
51 West 52nd Street  
New York, NY 10019  
(212) 403-1000

With copies to:  
Allen R. Tubb  
Executive Vice President,  
General Counsel and Secretary  
SWS Group, Inc.  
1201 Elm Street, Suite 3500  
Dallas, TX 75270  
(214) 859-1800

---

George R. Bason, Jr.  
H. Oliver Smith  
William L. Taylor  
Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, NY 10017  
(212) 450-4000

**Approximate date of commencement of the proposed sale of the securities to the public:**  
**As soon as practicable after this Registration Statement becomes effective and upon consummation of the transactions described herein.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.**

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**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the SEC. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Stockholder,

On March 31, 2014, SWS Group, Inc. ("SWS") agreed to merge with and into Peruna LLC, a wholly owned subsidiary of Hilltop Holdings Inc. ("Hilltop") with Peruna LLC surviving the merger as a wholly owned subsidiary of Hilltop. We are sending you this proxy statement/prospectus to invite you to attend a special meeting of SWS stockholders being held to vote on the merger agreement and to ask you to vote at the special meeting in favor of the merger agreement.

In the merger, each share of SWS common stock will be converted into the right to receive (i) 0.2496 shares of Hilltop common stock, par value \$0.01 per share, and (ii) \$1.94 in cash. **The value of the merger consideration will fluctuate with the market price of Hilltop common stock, and will not be known at the time you vote on the merger.** Hilltop common stock is currently quoted on the New York Stock Exchange under the symbol "HTH." On July 2, 2014, the last practicable trading day before the date of this proxy statement/prospectus, the merger consideration of \$1.94 in cash and 0.2496 Hilltop shares represented approximately \$7.27 in value for each share of SWS common stock. **We urge you to obtain current market quotations for Hilltop common stock.**

Based on the current number of shares of SWS common stock outstanding and reserved for issuance under employee benefit plans, Hilltop expects to issue approximately 10.3 million shares of common stock, par value \$0.01 per share, to SWS stockholders in the aggregate upon completion of the merger. Based on these numbers, upon completion of the merger, current SWS stockholders would own approximately 10% of the common stock of Hilltop immediately following the merger. However, any increase or decrease in the number of shares of SWS common stock outstanding that occurs for any reason prior to the completion of the merger would cause the actual number of shares issued upon completion of the merger to change.

SWS will hold a special meeting of its stockholders in connection with the merger. SWS stockholders will be asked to vote to approve the merger agreement and related matters as described in this proxy statement/prospectus. We cannot complete the merger unless the stockholders of SWS approve the proposal. An affirmative vote of a majority of the outstanding shares of SWS common stock entitled to vote as of the record date is required to adopt the merger agreement.

The special meeting of the stockholders of SWS will be held at \_\_\_\_\_, at \_\_\_\_\_, local time, on \_\_\_\_\_, 2014.

**The SWS board of directors (other than Messrs. Gerald J. Ford and J. Taylor Crandall, who recused themselves), upon the unanimous recommendation of the special committee of the SWS board of directors, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of the SWS stockholders (other than Hilltop), and recommends that the SWS stockholders adopt the merger agreement.**

**The obligations of Hilltop and SWS to complete the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. More information about Hilltop, SWS, the special meeting, the merger agreement and the merger is contained in this proxy statement/prospectus. SWS encourages you to read the entire proxy statement/prospectus carefully, including the section entitled "Risk Factors" beginning on page 32. You can also obtain information about SWS and Hilltop from documents that each has filed with the Securities and Exchange Commission (see the section entitled "Where You Can Find More Information").**

James H. Ross  
*President and Chief Executive Officer*  
SWS Group, Inc.

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Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved of the merger or the Hilltop common stock to be issued under this proxy statement/prospectus or the other transactions described in this proxy statement/prospectus or passed upon the accuracy or adequacy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings and deposit accounts and are not insured by the Federal Deposit Insurance Corporation, or any other governmental agency.

The date of this proxy statement/prospectus is \_\_\_\_\_, 2014, and it is first being mailed or otherwise delivered to SWS stockholders on or about \_\_\_\_\_, 2014.

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON \_\_\_\_\_, 2014**

To the stockholders of SWS Group, Inc.:

On \_\_\_\_\_, 2014, SWS Group, Inc. ("SWS") will hold a special meeting of stockholders in \_\_\_\_\_ at \_\_\_\_\_, local time, at \_\_\_\_\_, to consider and vote upon the following matters:

a proposal to adopt and approve the Agreement and Plan of Merger, dated as of March 31, 2014, by and among Hilltop Holdings Inc., Peruna LLC, a wholly owned subsidiary of Hilltop, and SWS (the "merger proposal");

a proposal to approve, on a non-binding, advisory basis, compensation that may be paid or would be payable to SWS's named executive officers in connection with the merger (the "compensation proposal"); and

a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve the merger proposal (the "adjournment proposal").

The approval by SWS stockholders of the merger proposal is required for the completion of the merger described in this proxy statement/prospectus.

SWS will transact no other business at the SWS special meeting except such business as may properly be brought before the SWS special meeting or any adjournment or postponement thereof. Please refer to elsewhere in this proxy statement/prospectus for further information with respect to the business to be transacted at the SWS special meeting.

The SWS board of directors has fixed the close of business on \_\_\_\_\_, 2014, as the record date for the SWS special meeting. Only SWS stockholders of record at that time are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement of the special meeting.

Approval of the merger proposal requires the affirmative vote of a majority of the shares of SWS common stock outstanding on the record date for the SWS special meeting. Approval of the compensation proposal and the adjournment proposal require, in each case, the affirmative vote of a majority of the shares of SWS common stock represented in person or by proxy at the SWS special meeting and entitled to vote on such proposal.

**Your vote is important. Whether or not you plan to attend the SWS special meeting, we urge you to vote your shares as promptly as possible by (1) accessing the internet site listed on your proxy card, (2) calling the toll-free number listed on your proxy card, or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the SWS special meeting. You may revoke your proxy at any time before the vote at the special meeting by following the procedures outlined in this proxy statement/prospectus.** If your shares are held in the name of a bank, broker or other nominee, please follow the voting instructions furnished by the record holder.

**The SWS board of directors (other than Messrs. Gerald J. Ford and J. Taylor Crandall, who recused themselves), upon the unanimous recommendation of the special committee of the SWS board of directors, has approved and adopted the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to and in the best interests of the SWS stockholders, and recommends that SWS stockholders vote "FOR" the merger proposal, "FOR" the compensation proposal and "FOR" the adjournment proposal.**

This proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger and other related matters. We urge you to read this proxy statement/prospectus and its annexes carefully and in their entirety.

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By Order of the Board of Directors

Allen R. Tubb

*Executive Vice President, General Counsel and Secretary*

Dallas, Texas

, 2014

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**REFERENCES TO ADDITIONAL INFORMATION**

**This proxy statement/prospectus incorporates by reference important business and financial information about SWS from documents that are not included in or delivered with this proxy statement/prospectus. You can obtain documents incorporated by reference in this proxy statement/prospectus, other than certain exhibits to those documents, free of charge through the Securities and Exchange Commission website (<http://www.sec.gov>) or by requesting them in writing or by telephone from SWS at the following address:**

SWS Group, Inc.  
1201 Elm Street, Suite 3500  
Dallas, Texas 75270  
Attention: Investor Relations  
Telephone: (214) 859-1800

**You will not be charged for any of these documents that you request. SWS stockholders requesting documents should do so by \_\_\_\_\_, 2014, in order to receive them before the special meeting.**

Hilltop is not currently eligible under the SEC's rules to incorporate by reference documents into this proxy statement/prospectus. Accordingly, much of the information that SWS has incorporated by reference, such as the description of its business, management's discussion and analysis of financial condition and results of operations, and its consolidated financial statements, is, with respect to Hilltop, fully set forth in this proxy statement/prospectus, principally in the section entitled "Information About the Companies Hilltop" beginning on page 66 and the Hilltop consolidated financial statements beginning on page F-1.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated \_\_\_\_\_, 2014, and you should assume that the information in this proxy statement/prospectus is accurate only as of such date. Neither the mailing of this proxy statement/prospectus to SWS stockholders nor the issuance by Hilltop of shares of Hilltop common stock in connection with the merger will create any implication to the contrary.

**This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this proxy statement/prospectus regarding SWS has been provided by SWS and information contained in this proxy statement/prospectus regarding Hilltop has been provided by Hilltop.**

See "Where You Can Find More Information" included elsewhere in this proxy statement/prospectus.

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**QUESTIONS AND ANSWERS**

*The following are answers to certain questions that you may have regarding the SWS special meeting. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the annexes to, and the documents incorporated by reference into, this proxy statement/prospectus. See "Where You Can Find More Information" included elsewhere in this proxy statement/prospectus.*

**Q: What is the merger?**

A: Hilltop and SWS have entered into an Agreement and Plan of Merger, dated as of March 31, 2014 (which we refer to as the "merger agreement"). Under the merger agreement, SWS will be merged with and into Hilltop's wholly owned subsidiary, Peruna LLC (which we refer to as the "merger"). Peruna LLC will be the surviving entity in the merger. Immediately following the completion of the merger, SWS's wholly owned bank subsidiary, Southwest Securities, FSB, will merge with and into Hilltop's wholly owned bank subsidiary, PlainsCapital Bank (which we refer to as the "bank merger"). PlainsCapital Bank will be the surviving bank in the bank merger. A copy of the merger agreement is included as Annex A to this proxy statement/prospectus. The merger cannot be completed unless, among other things, SWS stockholders approve the merger proposal to approve the merger agreement.

**Q: Why am I receiving this document?**

A: This document is a proxy statement of SWS to solicit proxies from its stockholders in connection with their vote to approve and adopt the merger agreement, and certain related matters. In addition, this document constitutes a prospectus for SWS stockholders because Hilltop is offering shares of its common stock to be issued in partial exchange for shares of SWS common stock in the merger.

**Q: What are holders of SWS common stock being asked to vote on?**

A: SWS stockholders are being asked to vote on a proposal to approve and adopt the merger agreement (the "merger proposal"), a proposal to approve, on a non-binding, advisory basis, compensation that may be paid or would be payable to SWS's named executive officers in connection with the merger (the "compensation proposal"), and a proposal to approve the adjournment of the SWS special meeting, if necessary or appropriate, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the merger proposal (the "adjournment proposal").

**Q: What will holders of SWS common stock receive in the merger?**

A: If the merger is completed, holders of SWS common stock will receive (i) 0.2496 shares of Hilltop common stock and (ii) \$1.94 in cash for each share of SWS common stock that they hold immediately prior to the merger. No fractional shares of Hilltop common stock will be issued in connection with the merger. A holder of SWS common stock who otherwise would have received a fraction of a share of Hilltop common stock will instead receive an amount in cash reflecting the market value of the fractional share of Hilltop common stock based upon the average of the high and low sales prices of Hilltop common stock on the New York Stock Exchange on each of the five consecutive trading days ending on the trading day that is two trading days prior to the closing date of the merger.

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**Q: Will the value of the merger consideration change between the date of this proxy statement/prospectus and the time the merger is completed?**

A: Because the number of shares of Hilltop common stock that SWS stockholders will receive for each share of SWS common stock as the stock component of the merger consideration is fixed, the value of the merger consideration may fluctuate between the date of this proxy statement/prospectus and the SWS special meeting, and between the special meeting and the completion of the merger, based upon the market value for Hilltop common stock. In the merger, SWS stockholders will receive cash and a fraction of a share of Hilltop common stock for each share of SWS common stock they hold. Any fluctuation in the market price of Hilltop stock will change the value of the shares of Hilltop common stock that SWS stockholders will receive.

**Q: How will the merger affect outstanding SWS restricted shares and deferred shares?**

A: *Restricted Shares.* Each restricted share of SWS common stock granted prior to the date of the merger agreement will vest in full at the effective time of the merger, and the holders of such restricted shares will be entitled to receive the merger consideration for each such share on the same basis as SWS stockholders generally, less applicable withholding taxes, which will be withheld first from the cash portion of the merger consideration payable in respect of each such share. As of June 30, 2014, 417,137 unvested restricted shares of SWS common stock were outstanding. The merger agreement permits SWS to grant, prior to the effective time of the merger, restricted shares of SWS common stock to certain executive officers and key employees, as specified in the merger agreement and as provided under the applicable SWS bonus plans, and to non-employee directors of SWS, in each case, in accordance with the terms set forth in the merger agreement. Any such restricted shares that are granted to executive officers and key employees of SWS will be converted into restricted shares of Hilltop as of the effective time of the merger (with the number of Hilltop shares determined based on the value of the merger consideration), and will be subject to accelerated vesting on termination of employment by the employer without "cause" (as defined in the merger agreement) following the effective time of the merger. It is expected that additional awards of restricted shares of SWS common stock will be awarded to the following SWS non-employee directors: Robert A. Buchholz; Brodie L. Cobb; J. Taylor Crandall; Christie S. Flanagan; Gerald J. Ford; Larry A. Jobe; Tyree B. Miller; Dr. Mike Moses; and Joel T. Williams III; and to the following SWS executive officers and key employees: James H. Ross; Robert A. Chereck; Daniel R. Leland; Richard H. Litton; W. Norman Thompson; Allen R. Tubb; J. Michael Edge; Larry G. Tate; Anton Berends; and Lana Calton. The amount of each individual's award has not been determined at this time. The award to each SWS non-employee director will have a grant date fair market value not exceeding \$35,000. The awards to SWS executive officers and key employees will have an aggregate grant date fair market value not exceeding \$2,750,000 and in no event will exceed 350,000 restricted shares of SWS common stock in total.

*Deferred Shares.* As of the effective time of the merger, each deferred share of SWS common stock reflected in participant accounts under SWS deferred compensation plans will be converted into 0.3328 of a deferred share of Hilltop common stock (i.e., the sum of the portion of the merger consideration paid in Hilltop common stock and a number of shares of Hilltop common stock with a value as of immediately prior to the date of the merger agreement that is equal to the portion of the merger consideration paid in cash). Following the effective time of the merger, any such deferred shares that are not vested will continue to vest in accordance with the original terms of the SWS deferred shares and will vest in full on termination of employment by the employer without "cause" (as defined in the merger agreement) following the effective time of the merger. Hilltop deferred shares will be distributed in accordance with the terms of the applicable plan and the participants' individual elections. As of June 30, 2014, 310,941 deferred shares of SWS common stock were outstanding.

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For more information about these restricted and deferred shares, see "The Merger Interests of SWS Directors and Executive Officers in the Merger".

**Q: What interests do SWS's directors and executive officers have in the merger that are different from, or in addition to, those of SWS stockholders generally?**

**A:** SWS stockholders should be aware that SWS's directors and executive officers have interests in the merger that are different from, or in addition to, those of SWS stockholders generally. These interests may create potential conflicts of interest. SWS's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement, and in recommending that SWS stockholders vote in favor of approving the merger proposal and the compensation proposal. For purposes of the SWS agreements and plans described below, the completion of the transactions contemplated by the merger agreement will constitute a change of control. These interests include the following:

All outstanding restricted shares of SWS common stock granted prior to the date of the merger agreement will vest in full in connection with the merger and each holder will receive the merger consideration in exchange for each such restricted share. In addition, the vesting of outstanding deferred shares of SWS common stock will accelerate in full on termination of employment by the employer without "cause" (as defined in the merger agreement) following the effective time of the merger. The estimated value of such accelerated vesting of the restricted and deferred shares currently held by the executive officers in aggregate is \$2,860,893. For the estimated value of such accelerated vesting for each individual executive officer, see "The Merger Interests of SWS Directors and Executive Officers in the Merger";

Between the date of the merger agreement and the effective time of the merger, SWS may grant certain executive officers and key employees of SWS, as specified in the merger agreement, additional restricted shares of SWS common stock, as provided under the applicable SWS bonus plans and otherwise in the ordinary course of business and consistent with past practice, with an aggregate grant date value not to exceed \$2,750,000 and in an aggregate number of shares not to exceed 350,000, which will be converted into restricted shares of Hilltop as of the effective time of the merger, and will be subject to accelerated vesting on termination of employment by the employer without "cause" (as defined in the merger agreement) following the effective time of the merger;

Between the date of the merger agreement and the effective time of the merger, SWS may grant non-employee directors of SWS additional restricted shares of SWS common stock in the ordinary course of business consistent with past practice with a grant date value not to exceed \$35,000 per director;

Executive officers and other employees of SWS are entitled to cash severance in accordance with SWS's severance practice on termination of employment by the employer without "cause" (as defined in the merger agreement) at any time on or prior to December 31, 2015. The estimated value of such cash severance for the executive officers in aggregate is \$816,154. For the estimated value of such cash severance for each individual executive officer, see "The Merger Interests of SWS Directors and Executive Officers in the Merger";

SWS may provide cash retention and/or severance payments (in addition to the severance payments described above) to its executive officers (and other employees) in an aggregate amount not to exceed \$5 million in accordance with the terms of the merger agreement. The allocation and other terms of any such payments will be mutually agreed between

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Hilltop and SWS. As of the date of this proxy statement/prospectus, none of the executive officers of SWS have been granted any such retention or severance payments; and

Each of Hilltop and Peruna LLC has agreed to indemnify and advance expenses to each present and former director, officer and employee of SWS and its subsidiaries (when acting in such capacity) to the fullest extent permitted by law for any acts arising out of or pertaining to matters occurring at or existing prior to the closing of the merger. Hilltop will also provide director and officer liability insurance with respect to claims arising from facts or events occurring before the completion of the merger or, at SWS's option, SWS may purchase a "tail" policy for directors' and officers' liability insurance.

Messrs. Gerald J. Ford and J. Taylor Crandall are members of the SWS board of directors appointed by Hilltop and Oak Hill, respectively. Messrs. Ford and Crandall recused themselves from the vote of the SWS board of directors with respect to the approval and adoption of the merger agreement and the transactions contemplated thereby, including the merger. The decisions by the SWS Board that are described in this proxy statement/prospectus were all taken by unanimous vote of those directors who voted.

For more information about the interests that SWS's directors and executive officers have in the merger, see "The Merger Interests of SWS Directors and Executive Officers in the Merger".

**Q:**  
**When do you expect to complete the merger?**

**A:**  
We expect to complete the merger prior to the end of 2014. However, we cannot assure you when or if the merger will occur. We must, among other things, first obtain the required approval of SWS stockholders at the SWS special meeting and the required regulatory approvals described below in "The Merger Regulatory Approvals Required for the Merger" and satisfy certain other closing conditions.

**Q:**  
**What happens if the merger is not completed?**

**A:**  
If the merger is not completed, shares of Hilltop common stock will not be issued, and holders of SWS common stock will not receive any consideration for their shares, in connection with the merger. Instead, SWS will remain an independent company and its common stock will continue to be listed and traded on the New York Stock Exchange. Under specified circumstances in connection with the termination of the merger agreement, including circumstances involving a change in recommendation by the SWS board of directors, SWS may be required to pay Hilltop a termination fee of \$8 million. See "The Merger Agreement Termination Fee".

**Q:**  
**When and where is the SWS special meeting?**

**A:**  
The SWS special meeting will be held at \_\_\_\_\_, on \_\_\_\_\_, 2014 at \_\_\_\_\_ local time.

**Q:**  
**How do I vote?**

**A:**  
If you are a stockholder of record of SWS as of the record date for the SWS special meeting you may vote by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

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signing the enclosed proxy card and returning it in the postage-paid envelope provided.

After you have carefully read this proxy statement/prospectus in its entirety and have decided how you wish to vote your shares, please vote your shares promptly. You may also cast your vote

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in person at the SWS special meeting. If you hold SWS common stock in "street name" through a bank, broker or other nominee, please follow the voting instructions provided by your bank, broker or other nominee to ensure that your shares are represented at the special meeting. Stockholders that hold shares through a bank, broker, or other nominee who wish to vote at the SWS special meeting will need to obtain a "legal proxy" from the record holder.

**Q: How do I vote if I own shares through the SWS Group, Inc. 401(k) Profit Sharing Plan (the "SWS 401(k) Plan")?**

A: You will be given the opportunity to instruct the trustee of the SWS 401(k) Plan how to vote the shares that you hold in your account. In accordance with the terms of the plan, if you fail to instruct the plan trustee how to vote your plan shares, the trustee will generally vote your plan shares in the same proportion as the shares voted pursuant to the instructions of participants who timely give such instructions.

**Q: Why is my vote important?**

A: If you do not vote, it will be more difficult to obtain the necessary quorum to hold the SWS special meeting. In addition, we cannot complete the merger without obtaining the necessary vote of SWS stockholders in favor of the merger proposal.

**Q: How does the SWS board of directors recommend that I vote?**

A: The SWS board of directors (other than Messrs. Gerald J. Ford and J. Taylor Crandall, who recused themselves), upon the unanimous recommendation of the special committee of the SWS board of directors (the "Special Committee"), recommends that you vote "FOR" the merger proposal, "FOR" the compensation proposal and "FOR" the adjournment proposal.

**Q: What constitutes a quorum for the SWS special meeting?**

A: The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of SWS common stock entitled to vote at the SWS special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum. A broker non-vote occurs under stock exchange rules when a broker is not permitted to vote on a matter without instructions from the beneficial owner of the shares and no instructions are given.

**Q: What is the vote required to approve each proposal at the SWS special meeting?**

A: Approval of the merger proposal requires the affirmative vote of a majority of the shares of SWS common stock outstanding on the record date for the SWS special meeting. Approval of the compensation proposal and the adjournment proposal require, in each case, the affirmative vote of a majority of the shares of SWS common stock represented in person or by proxy at the SWS special meeting and entitled to vote on such proposal. As of the date of this proxy statement/prospectus, Hilltop owns 1,475,387 shares of SWS common stock, or approximately 4.5% of the currently outstanding SWS common shares, and an additional 8,695,652 shares of SWS are issuable to Hilltop upon exercise of its warrant, equivalent to total beneficial ownership of approximately 24.4% on an as-converted basis.



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- Q:** **What impact will my vote on the compensation proposal have on the compensation payable to SWS's named executive officers in connection with the merger?**
- A:** The vote on the compensation proposal is a vote separate and apart from the vote to approve the merger agreement. You may vote for the compensation proposal and against the merger proposal, and vice versa. Because the vote on the compensation proposal is advisory only, it will not be binding on SWS or Hilltop. Accordingly, because SWS is contractually obligated to pay the compensation, if the merger is completed, the compensation is payable to the named executive officers of SWS, subject only to the conditions applicable thereto, regardless of the outcome of the advisory (non-binding) vote. SWS is seeking your approval of the compensation, on an advisory (non-binding) basis, in order to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and related SEC rules.
- Q:** **If my shares are held in "street name" by my broker, will my broker automatically vote my shares for me?**
- A:** No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker. Without instructions, your shares will not be voted, which will have the effect described below.
- Q:** **What should I do if I hold my shares of SWS common stock in book-entry form?**
- A:** You are not required to take any special additional action to receive the merger consideration if your shares of SWS common stock are held in book-entry form. Book-entry shares will be treated the same way as stock certificates.
- Q:** **What if I abstain from voting or fail to instruct my broker?**
- A:** If you are a holder of SWS common stock and you abstain from voting or fail to instruct your broker to vote your shares, it will have the same effect as a vote against the merger proposal. An abstention or broker non-vote will have no effect on the compensation proposal or the adjournment proposal.
- Q:** **Can I attend the SWS special meeting and vote my shares in person?**
- A:** Yes. All SWS stockholders, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the SWS special meeting. Holders of record of SWS common stock can vote in person at the SWS special meeting. If you are not a stockholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the SWS special meeting, you must hold your shares in your own name or have a statement from your bank, broker or other record holder confirming your ownership of shares as of the record date for the SWS special meeting. In addition, you must bring a form of personal photo identification with you in order to be admitted. SWS reserves the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, so