

Hilltop Holdings Inc.  
Form 425  
October 15, 2014

Filed by SWS Group, Inc.

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of the Securities Exchange Act of 1934

Subject Company: Hilltop Holdings Inc.

(Commission File No. for Registration Statement on Form S-4: 333-196367)

The following electronic communication was sent to all employees of SWS Group, Inc. and its subsidiaries on October 15, 2014:

**SWS-Hilltop Transaction Update to Employees**

Dear SWS Employee,

As you may have seen, earlier today we issued an open letter to all SWS shareholders urging them to vote in favor of the proposed merger with Hilltop Holdings at the Special Meeting of Stockholders scheduled for November 21, 2014. I encourage you to read the full letter, which is attached to this email and highlights the benefits of the merger.

For those of you who are also SWS shareholders, you will be receiving the letter, a proxy statement and a proxy card in the mail. The SWS Board believes the proposed transaction provides stockholders with immediate cash value while also allowing our investors to participate in significant upside potential of the combined company.

We encourage all of you who are shareholders to vote in favor of the transaction by telephone, by Internet, or by signing and returning the proxy card you receive. Voting by telephone or Internet is the best way to ensure that your votes will be counted. No matter how many shares you own, your vote is important.

As we have previously communicated, the Integration Committee continues to meet and work together to prepare for the anticipated combination of our business with Hilltop. We are making significant progress and are striving to make the integration as seamless as possible.

If you have any questions, we ask that you submit them through the designated email address ([merger@swst.com](mailto:merger@swst.com)) or by phone at 844-797-6374. We will continue to do our best to keep you informed as we move through this process.

Thank you for your continued hard work and dedication to SWS.

Sincerely,

Jim Ross

## **Important Information For Investors And Shareholders**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. Hilltop Holdings Inc. ( Hilltop ) has filed with the Securities and Exchange Commission ( SEC ) a registration statement on Form S-4 containing a definitive proxy statement of SWS Group, Inc. ( SWS ) that also constitutes a prospectus of Hilltop, and SWS and Hilltop have each filed and will each file other documents with respect to the proposed transaction and the definitive proxy statement/prospectus has been mailed to shareholders of SWS. Investors and security holders of SWS are urged to read the definitive proxy statement/prospectus and other documents filed or that will be filed with the SEC carefully and in their entirety because they contain important information. Investors and security holders of SWS are able to obtain free copies of the registration statement and the proxy statement/prospectus and other documents filed with the SEC by SWS or Hilltop through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Copies of the documents filed with the SEC by SWS are available free of charge on SWS 's internet website at [www.swst.com](http://www.swst.com) or by contacting SWS 's Investor Relations Department at (214) 859-1800. Copies of the documents filed with the SEC by Hilltop are available free of charge on Hilltop 's internet website at [www.hilltop-holdings.com](http://www.hilltop-holdings.com) or by contacting Hilltop 's Investor Relations Department at (214) 252-4029.

SWS, Hilltop, their respective directors and certain of their executive officers and other members of management and employees may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of SWS is set forth in its Annual Report on Form 10-K/A (Amendment No. 1) for the year ended June 30, 2014, which was filed with the SEC on September 26, 2014. Information about the directors and executive officers of Hilltop is set forth in its most recent proxy statement, which was filed with the SEC on May 2, 2014. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the definitive proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

## **Cautionary Statement Regarding Forward-Looking Statements**

From time to time we make statements (including some contained in this report) that predict or forecast future events, depend on future events for their accuracy, or otherwise contain forward-looking information and constitute forward-looking statements within the meaning of applicable U.S. securities laws. Such statements are generally identifiable by terminology such as plans, expects, estimates, budgets, intends, anticipates, believes, projects, indicates, targets, objective, could, should, may, potential or other similar words. By their very nature, forward-looking statements require us to make assumptions that may not materialize or that may not be accurate. Readers should not place undue reliance on forward-looking statements and should recognize that such statements are predictions of future results, which may not occur as anticipated. Actual results may differ materially as a result of various factors, some of which are outside of our control, including:

failure to obtain the approval of shareholders of SWS in connection with the proposed transaction;

the failure to consummate or delay in consummating the proposed transaction for other reasons;

the timing to consummate the proposed transaction;

the risk that a condition to closing of the proposed transaction may not be satisfied;

the risk that a regulatory approval that may be required for the proposed transaction is delayed, is not obtained, or is obtained subject to conditions that are not anticipated;

Hilltop's ability to achieve the synergies and value creation contemplated by the proposed transaction;

Hilltop's ability to promptly and effectively integrate its and SWS's businesses;

the diversion of management time on transaction-related issues;

the interest rate environment;

the volume of trading in securities;

the liquidity in capital markets;

the volatility and general level of securities prices and interest rates;

the ability to meet regulatory capital requirements administered by federal agencies;

the level of customer margin loan activity and the size of customer account balances;

the demand for real estate in Texas, New Mexico and the national market;

the credit-worthiness of our correspondents, trading counterparties and of our banking and margin customers;

the demand for investment banking services;

general economic conditions, especially in Texas and New Mexico, and investor sentiment and confidence;

the value of collateral securing the loans we hold;

competitive conditions in each of our business segments;

changes in accounting, tax and regulatory compliance requirements;

changes in federal, state and local tax rates;

the ability to attract and retain key personnel;

the availability of borrowings under credit lines, credit agreements and credit facilities;

the potential misconduct or errors by our employees or by entities with whom we conduct business;

the ability of borrowers to meet their contractual obligations and the adequacy of our allowance for loan losses; and

the potential for litigation and other regulatory liability.

Our future operating results also depend on our operating expenses, which are subject to fluctuation due to:

variations in the level of compensation expense incurred as a result of changes in the number of total employees, competitive factors or other market variables;

variations in expenses and capital costs, including depreciation, amortization and other non-cash charges incurred to maintain our infrastructure; and

unanticipated costs which may be incurred from time to time in connection with litigation, regulation and compliance, loan analyses and modifications or other contingencies.

Other factors, risks and uncertainties that could cause actual conditions, events or results to differ materially from our expectations discussed in this report include those factors described in SWS's Annual Report on Form 10-K/A (Amendment No. 1) for the year ended June 30, 2014, under the heading "Risk Factors," and our other reports filed with and available from the SEC. Our forward-looking statements are based on current beliefs, assumptions and expectations. No assurances can be given that any of the events anticipated by these forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on our actual results, levels of activity, performance, or achievements. All forward-looking statements speak only as of the date on which they are made and, except as required by law, we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances upon which any statement is based.