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HALLWOOD GROUP INC  
Form 8-K  
July 14, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

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

Date of Earliest Event Reported: July 8, 2003

THE HALLWOOD GROUP INCORPORATED

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(Exact name of registrant as specified in its charter)

DELAWARE

1-8303

51-0261339

(State or other jurisdiction of  
incorporation or organization)

(Commission File Number)

(IRS Employer  
Identification No.)

3710 Rawlins, Suite 1500  
Dallas, Texas

75219

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(Address of principal executive offices)

(Zip Code)

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

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE

On July 8, 2003, the Delaware Court of Chancery issued its decision after remand from the Delaware Supreme Court in the litigation encaptioned, Gotham Partners, L.P. v. Hallwood Realty Partners, L.P., et al. In the decision, the Court of Chancery determined that defendants in the litigation were required to pay to Hallwood Realty Partners, L.P. (the "Partnership") the difference between the price paid for 293,539 units of the Partnership purchased by The Hallwood Group Incorporated ("HGI") in 1995 of \$14.20 per unit and the value of those units, including the control value of those units, as determined by the court in its decision, of \$36.02 per unit, plus pre-judgment interest. The court also determined that neither rescission nor an award of rescissory damages was appropriate.

In an earlier decision, the court had determined that the value of the units was \$25.84 per unit and HGI had previously paid the resulting amount. Therefore, under the latest order, HGI is required to pay an additional amount of approximately \$2,988,000, plus pre-judgment interest.

SIGNATURE

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, thereunto duly authorized.

Dated: July 11, 2003

THE HALLWOOD GROUP INCORPORATED

By: /s/ Melvin J. Melle

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Name: Melvin J. Melle

Title: Vice President