

SWS Group, Inc. (NYSE: SWS; Dallas, TX) has agreed to merge with Hilltop Holdings Inc. (NYSE: HTH; Dallas, TX)

Deal Value: Deal Value: \$7.88 per share

Sandler O'Neill served as financial advisor to the Special Committee of the Board of Directors of SWS Group, Inc. in connection with this transaction.

This transaction is Sandler O'Neill's 162nd financial services transaction since January 1, 2011, more than any other investment bank over this period.¹

DALLAS, TX -- Hilltop Holdings Inc. (NYSE: HTH) and SWS Group, Inc. (NYSE: SWS) today announced that they have entered into a definitive merger agreement providing for the merger of SWS Group ("SWS") with and into Hilltop Holdings ("Hilltop").

Under the terms of the agreement, which was recommended by the Special Committee of the SWS Board of Directors to the SWS Board of Directors and has been unanimously approved by the Boards of Directors of both companies, SWS shareholders will receive per share consideration of 0.2496 shares of Hilltop common stock and \$1.94 of cash, equating to \$7.88 per share based on Hilltop's closing price on March 31, 2014.

The merger is subject to customary closing conditions, including regulatory approvals and approval of the shareholders of SWS, and is expected to be completed prior to the end of 2014.

Gerald J. Ford, Chairman of Hilltop, said, "This transaction creates the leading Texas-based broker/dealer and provides PlainsCapital Bank access to a significant source of additional core deposits. The merger will bolster our market share and scale for many business lines within our broker/dealer, as well as our deposit market share in Dallas/Fort Worth. We believe the integration of our businesses and cultures will benefit our collective shareholders, employees and clients."

James H. Ross, President and CEO of SWS, said, "After a comprehensive review of strategic and financial alternatives, we are pleased to announce a transaction that delivers compelling and immediate cash value for our stockholders, while allowing them to participate in the significant upside potential of a larger, more diversified organization that is strongly capitalized and better positioned to compete in the marketplace. The transaction represents a 28% premium to our pre-announced market price. The Special Committee, with the assistance of its independent financial and legal advisors, contacted numerous potential buyers and unanimously concluded that the transaction with Hilltop is in the best interests of SWS Group's stockholders."

In 2011, Hilltop invested \$50 million in SWS in the form of a senior unsecured loan. Gerald J. Ford joined the Board of Directors of SWS and Hilltop's President and Chief Executive Officer, Jeremy B. Ford, became a non-voting observer to the SWS Board. In conjunction with Hilltop's investment in SWS, Hilltop was issued a warrant to purchase 8,695,652 common shares of SWS at an exercise price of \$5.75 per share. Hilltop currently beneficially owns 24% of SWS common stock, inclusive of the warrant.

(1) Source: SNL Financial. Excludes terminated transactions and self-advisory roles

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