

HALLWOOD GROUP INC  
Form 4  
January 11, 2007

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
MELLE MELVIN J

(Last) (First) (Middle)  
3710 RAWLINS, SUITE 1500  
(Street)

DALLAS, TX 75219

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
HALLWOOD GROUP INC [HWG]

3. Date of Earliest Transaction  
(Month/Day/Year)  
01/09/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D)  | Price   |  |                                   |
| Common Stock                    | 01/09/2007                           |  | M                              | 2,250   | A \$ 15   | 4,500 <u>(1)</u> <u>(2)</u>                              | D                                 |
| Common Stock                    | 01/09/2007                           |  | F                              | 977   | D \$ 115.5  | 3,523 <u>(1)</u> <u>(2)</u>                              | D                                 |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Employee Stock Option (right to buy)       | \$ 15  | 01/09/2007                           |  | M                              | 2,250<br><u>(1)</u> <u>(2)</u>  | 02/24/1997 02/23/2007                                    | Common Stock <u>2,250</u><br><u>(1)</u> <u>(2)</u>            |

## Reporting Owners

| Reporting Owner Name / Address                                 | Relationships |           |                |       |
|--|---------------|-----------|----------------|-------|
|  | Director      | 10% Owner | Officer        | Other |
| MELLE MELVIN J<br>3710 RAWLINS, SUITE 1500<br>DALLAS, TX 75219 |               |           | Vice President |       |

## Signatures

/s/ Melvin J. Melle 01/11/2007

Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- On November 5, 1999, the common stock of The Hallwood Group Incorporated split 3-for-2, resulting in the reporting person's
- (1) acquisition of 750 additional shares of common stock. This option was previously reported as covering 1,500 shares at an exercise price of \$22.50 per share but was adjusted to reflect the stock split on November 5, 1999.
  - (2) The disposition of shares to pay the exercise price and withholding and the acquisition of shares were exempt pursuant to Rule 16b-3.
  - (3) N/A

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