



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-126-87 (7-17-87)

BANCTEXAS ASSISTANCE PROGRAM RECEIVES FINAL APPROVAL

The Federal Deposit Insurance Corporation, BancTEXAS Group Inc. and The Hallwood Group Incorporated today consummated a unique assistance program. The program is designed to infuse additional capital into subsidiary banks of BancTEXAS. Preliminary approval of the transaction was announced on February 19, 1987.

The assistance program was initiated after the respective chartering authorities and the Board of Directors of the FDIC determined that the subsidiary banks of BancTEXAS were in danger of failing. It features a one-time, \$150 million contribution from the FDIC to enhance the banks' capital as well as an infusion of additional capital from a rights offering to former shareholders and a standby pool of new private investors organized by The Hallwood Group Incorporated, a New York-based merchant banking concern specializing in the restructuring of troubled publicly-held companies.

A novel feature of the assistance program is that the FDIC assumes none of the banks' problem assets. Instead, the holding company's new investors and the banks' managers will be expected to implement their own strategies for dealing with these assets and maintaining the banks in sound condition.

The assistance program also provides for receipt by the FDIC of warrants to purchase common stock in BancTEXAS and material adjustments to the terms of a significant portion of the various debt issues, including bearer Euro debt.

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The FDIC also has granted preliminary approval to an assistance program involving Alaska Mutual Bank and United Bank Alaska, both of Anchorage. That transaction also provides for no purchase by the FDIC of any assets of the assisted banks.

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