

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 21, 1997

FM Properties Inc.

Delaware	0-19989	74-1211572
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

1615 Poydras Street
New Orleans, Louisiana 70112

Registrant's telephone number, including area code: (504) 582-4000

Item 5. Other Events.

On April 21, 1997, FM Properties Inc., a Delaware corporation (the "Company"), amended its Rights Agreement, dated as of May 28, 1992 (the "Rights Agreement"), by entering into Amendment No. 1 (the "Amendment"), with Mellon Securities Trust Company. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Rights Agreement and the Amendment.

The Rights Agreement has been amended to modify the definition of "Acquiring Person" by increasing the percentage threshold from 15% to 20%. As amended, an Acquiring Person includes any Person who is the Beneficial Owner of 20% or more of the shares of Common Stock then outstanding. In addition, the definition of "Acquiring Person" has been amended to exclude a Person if (i) such Person has become the Beneficial Owner of 20% or more of the Common Stock of the Company, (ii) the acquisition by such Person of the shares that equal or exceed 20% of the shares of Common Stock was made without apparent knowledge of the potential implications of such acquisition under this Agreement and (iii) either (A) within 10 days after the Company has notified such Person that the Company has become aware of such potential implications, such Person ceases to be the Beneficial Owner of 20% or more of the shares of Common Stock or (B) prior to receiving such notice such Person ceases to be the Beneficial Owner of 20% or more of the shares of Common Stock.

A copy of the Amendment has been attached as an exhibit hereto and is incorporated herein by reference. The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the Amendment.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits.

Exhibit No.	Description
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- 4 Amendment No. 1 to the Rights Agreement, dated effective as of April 21, 1997, between FM Properties Inc. and Mellon Securities Trust Company.
- 99 Press release dated April 21, 1997.

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.

FM Properties Inc.

By: /s/Richard C. Adkerson
Richard C. Adkerson
Chairman of the Board and
Chief Executive Officer

Date: April 22, 1997

EXHIBIT INDEX

Exhibit No.	Description
4	Amendment No. 1 to the Rights Agreement, dated effective as of April 21, 1997, between FM Properties Inc. and Mellon Securities Trust Company.
99	Press Release dated April 21, 1997.

AMENDMENT NO. 1
TO RIGHTS AGREEMENT
of
FM PROPERTIES INC.

This Amendment No. 1 to the Rights Agreement between FM Properties Inc. (the "Company") and Mellon Securities Trust Company, as Rights Agent (the "Rights Agent"), dated May 28, 1992 by and between the Company and the Rights Agent (the "Rights Agreement") is dated effective as of April 21, 1997.

WHEREAS, Section 29 of the Rights Agreement grants the Board of Directors of the Company the exclusive power and authority to amend the Rights Agreement; and

WHEREAS, the Board of Directors of the Company desires to amend the Rights Agreement;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the parties agree as follows:

1. The definition of "Acquiring Person" in Section 1 of the Rights Agreement is hereby amended and restated to read in its entirety as follows:

"Acquiring Person" means any Person who, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of 20% or more of the shares of Common Stock then outstanding, but shall not include the Company, any of its Subsidiaries, any employee benefit plan of the Company or any of its Subsidiaries or any Person organized, appointed or established by the Company or any of its Subsidiaries for or pursuant to the terms of any such plan. Notwithstanding the foregoing, no Person shall become an Acquiring Person if (i) such Person has become the Beneficial Owner of 20% or more of the shares of Common Stock, (ii) the acquisition by such Person of the shares that equal or exceed 20% of the shares of Common Stock was made without apparent knowledge of the potential implications of such acquisition under this Agreement and (iii) either (A) within 10 days after the Company has notified such Person that the Company has become aware of such potential implications, such Person ceases to be the Beneficial Owner of 20% or more of the shares of Common Stock or (B) prior to receiving such notice such Person ceases to be the Beneficial Owner of 20% or more of the shares of Common Stock.

2. The footnote to the term "Transfer" denoted by the symbol "*" within the description of "Transfer" in Exhibit C to the Rights Agreement (the "Summary of Terms") is hereby amended to read in its entirety as follows:

Distribution Date means the earlier of:

(1) the 10th day after public announcement that any person has become an Acquiring Person (as defined in the note below) and

(2) the 10th business day after the date of the commencement of a tender or exchange offer by any person which would, if consummated, result in such person becoming an Acquiring Person, in each case, subject to extension by a majority of the Directors not affiliated with the Acquiring Person.

3. The definition of the term "Flip-In" defined in the Summary of Terms is hereby amended to read in its entirety as follows:

If any person becomes an Acquiring Person, then each Right (other than Rights beneficially owned by the Acquiring Person and certain affiliated persons) will entitle the holder to purchase, for the Purchase Price, a number of shares of the Company's Common Stock having a market value of twice the Purchase Price.

Acquiring Person means any person who shall be the beneficial owner of 20% or more of the shares of Common Stock then outstanding, but shall not include the Company, any of its subsidiaries, any employee benefit plan of the Company or any of its subsidiaries or any person organized, appointed or established by the Company or any of its subsidiaries for or pursuant to the terms of any such plan. Notwithstanding the foregoing, no person shall become

an Acquiring Person if (i) such person has become the beneficial owner of 20% or more of the shares of Common Stock, (ii) the acquisition by such person of the shares that equal or exceed 20% of the shares of Common Stock was made without apparent knowledge of the potential implications of such acquisition under the Rights Agreement and (iii) either (A) within 10 days after the Company has notified such person that the Company has become aware of such potential implications, such person ceases to be the beneficial owner of 20% or more of the shares of Common Stock or (B) prior to receiving such notice such person ceases to be the beneficial owner of 20% or more of the shares of Common Stock.

4. All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Rights Agreement.

5. Except as specifically amended by this Amendment, the Rights Agreement shall remain in full force and effect.

6. Any reference to "this Agreement" or "the Rights Agreement" shall be deemed to be a reference to the Rights Agreement as amended hereby.

7. This Amendment, all rights hereunder and provisions hereof, shall be governed by, and construed in accordance with, the laws of the State of Delaware without giving effect to principles of conflict of laws.

8. This Amendment may be executed by the parties in one or more counterparts, all of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment effective as of the day and year first above written.

FM PROPERTIES INC.

Attest:

By: /s/Michael C. Kilanowski, Jr.
Michael C. Kilanowski, Jr.
Secretary

By: /s/Richard C. Adkerson
Richard C. Adkerson
Chairman of the Board and
Chief Executive Officer

MELLON SECURITIES TRUST COMPANY

Attest:

By: /s/Linnette Samuels
Linnette Samuels
Assistant Vice President

By: /s/Barry A. Shapiro
Barry A. Shapiro
Vice President

Draft dated April 17, 1997

NEWS RELEASE
NASDAQ Common Stock Symbol: FMPO

FM Properties Inc.
1615 Poydras Street
New Orleans, LA 70112

Financial Contacts:
Chris D. Sammons Craig E. Saporito
(504) 582-4474 (504) 582-4476

FM PROPERTIES INC. AMENDS STOCKHOLDER RIGHTS PLAN

NEW ORLEANS, LA., April 21, 1997 -- FM Properties Inc. (NASDAQ:FMPO) today announced that its Board of Directors has amended its stockholder rights plan to increase the percentage ownership threshold at which the plan is activated. Previously, the rights issued under the plan would have become exercisable whenever an individual or group purchased 15 percent or more of FMPO's common stock. After the amendment, the rights will become exercisable whenever an individual or group purchases 20 percent or more of FMPO's common stock. If a stockholder exceeds the 20 percent threshold, all other stockholders will be able to exercise their rights, which will entitle them to buy FMPO common stock at a discounted price.

The amendment was adopted in response to a request from one of FMPO's large stockholders, an investment advisory firm holding shares for numerous clients, to allow it to increase such holdings above the current level of approximately 14.9 percent. FMPO believes that the amended plan will continue to provide important protection for all of its stockholders.

FMPO is engaged in the development and marketing of real estate in the Austin, Dallas, Houston and San Antonio, Texas areas.