

Forestar Group Inc. Announces Pricing of Tangible Equity Units

November 22, 2013 6:30 AM ET

AUSTIN, Texas--(BUSINESS WIRE)--Nov. 22, 2013-- Forestar Group Inc. (NYSE:FOR) (the “Company”) today announced the pricing of an underwritten public offering of 5,400,000 6.00% Tangible Equity Units (the “Units”), each with a stated value of \$25.00, which will result in net proceeds to the Company of approximately \$130.27 million. The underwriters have a 13-day option to purchase up to an additional 600,000 Units from the Company. Settlement of the offering is subject to customary closing conditions and is expected to occur on November 27, 2013.

Each Unit will consist of a prepaid stock purchase contract and an amortizing note. Unless earlier settled or redeemed, each stock purchase contract will automatically settle on December 15, 2016 (subject to postponement in limited circumstances) for a number of shares of the Company’s common stock between 1.0913 and 1.3095 shares (subject to adjustment in certain circumstances). The amortizing notes will pay proportionally equal quarterly cash installments of \$0.3750 per note (except the first such installment, which will be \$0.4500 per note), which will constitute a payment of interest and a partial repayment of principal, and which in the aggregate will be equivalent to a 6.00% cash payment per year with respect to each \$25.00 stated amount of each Unit. The amortizing notes will have a final installment payment date of December 15, 2016 and will be unsecured senior obligations of the Company. All of the securities to be offered will be issued under the Company’s currently effective shelf registration statement. The Company’s common stock is listed on the New York Stock Exchange under the symbol “FOR.”

The Company intends to use the net proceeds from the offering for general corporate purposes, including investments in strategic growth opportunities.

Goldman, Sachs & Co. is serving as the sole book-running manager for the offering and KeyBanc Capital Markets Inc., JMP Securities LLC, Capital One Securities, Inc., J.P. Morgan Securities LLC, D.A. Davidson & Co. and UBS Securities LLC are acting as co-managers.

This press release is being issued pursuant to and in accordance with Rule 134 under the Securities Act of 1933, as amended. The offering of these securities may be made only by means of a prospectus and a related prospectus supplement, forming a part of the effective registration statement, a copy of which may be obtained by contacting: Goldman, Sachs & Co., Prospectus Department, 200 West Street, New York, NY 10282, telephone: (866) 471-2526, facsimile: (212) 902-9316, e-mail: prospectus-ny@ny.email.gs.com.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities, in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful.

About Forestar Group

Forestar Group Inc. operates in three business segments: real estate, oil and gas and other natural resources. At the end of third quarter 2013, the real estate segment owns directly or through ventures almost 132,000 acres of real estate located in ten states and 14 markets in the U.S. The real estate segment has 13 real estate projects representing approximately 25,800 acres currently in the entitlement process, and 72 entitled, developed and under development projects in eight states and 12 markets encompassing over 13,600 acres, comprised of almost 22,800 planned residential lots and approximately 2,300 commercial acres. The oil and gas segment includes approximately 809,000 net acres of oil and gas mineral interests, with approximately 590,000 acres of fee ownership located principally in Texas, Louisiana, Alabama, and Georgia and almost 219,000 net acres of leasehold interests principally located in Nebraska, Kansas, Oklahoma, North Dakota and Texas. These leasehold interests include about 7,000 net mineral acres in the core of the prolific Bakken and Three Forks formations. The other natural resources segment includes sale of wood fiber and management of our recreational leases, and approximately 1.5 million acres of groundwater resources, including a 45% nonparticipating royalty interest in groundwater produced or withdrawn for commercial purposes from approximately 1.4 million acres in Texas, Louisiana, Georgia and Alabama and about 20,000 acres of groundwater leases in central Texas.

Forward Looking Statements

This release contains “forward-looking statements” within the meaning of the federal securities laws, including with respect to our

planned securities offering and the anticipated use of the net proceeds therefrom. Forward-looking statements are typically identified by words or phrases such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “forecast,” and other words and terms of similar meaning. These statements are subject to significant risks and uncertainties, including, without limitation, risks and uncertainties related to economic, market or business conditions and satisfaction of customary closing conditions related to the public offering. No assurance can be given that the securities offering discussed above will be consummated on the terms described or at all. Except as required by law, we expressly disclaim any obligation to publicly revise any forward-looking statements contained in this news release to reflect the occurrence of events after the date of this news release.

Source: Forestar Group Inc.

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