

## **Forestar Comments on Letter from SpringOwl and Cove Street**

January 6, 2015 7:02 PM ET

AUSTIN, Texas--(BUSINESS WIRE)--Jan. 6, 2015-- Forestar Group Inc. (“Forestar”) (NYSE: FOR) today issued the following statement in response to the letter issued by SpringOwl Asset Management LLC (“SpringOwl”) and Cove Street Capital LLC (“Cove Street”):

The Forestar Board of Directors and management team are committed to maximizing shareholder value. To that end, as announced on December 8, 2014, Forestar is fully engaged in exploring strategic alternatives to enhance shareholder value, including a review of the oil and gas business.

Forestar is committed to strong corporate governance and its board is comprised of eleven highly qualified directors, ten of whom are independent. Each of Forestar’s directors possess exemplary industry knowledge, financial expertise and executive level management experience.

Forestar has engaged in an open dialogue with SpringOwl and Cove Street. The company has maintained, and will continue to encourage, open communication with all Forestar shareholders.

Forestar has a strong portfolio of assets in the right locations and an experienced board and leadership team committed to delivering results and maximizing long-term shareholder value.

### **About Forestar Group**

Forestar Group Inc. operates in three business segments: real estate, oil and gas and other natural resources. At third quarter-end 2014, the real estate segment owns directly or through ventures almost 120,000 acres of real estate located in ten states and 13 markets in the U.S. The real estate segment has 11 real estate projects representing approximately 24,400 acres currently in the entitlement process, and 73 entitled, developed and under development projects in eight states and 13 markets encompassing over 11,300 acres, comprised of almost 17,800 planned residential lots and approximately 2,000 commercial acres. The oil and gas segment includes approximately 948,000 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 approximately 358,000 net acres of leasehold interests principally located in Nebraska, Kansas, Oklahoma, North Dakota and Texas. These leasehold interests include about 8,000 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. Forestar’s address on the World Wide Web is [www.forestargroup.com](http://www.forestargroup.com).

### **Forward-Looking Statements**

This release contains “forward-looking statements” within the meaning of the federal securities laws. 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 reflect management’s current views with respect to future events and are subject to risk and uncertainties. We note that a variety of factors and uncertainties could cause our actual results to differ significantly from the results discussed in the forward-looking statements, including but are not limited to: general economic, market, or business conditions; changes in commodity prices; opportunities (or lack thereof) that may be presented to us and that we may pursue; fluctuations in costs and expenses including development costs; demand for new housing, including impacts from mortgage credit rates or availability; lengthy and uncertain entitlement processes; cyclicity of our businesses; accuracy of accounting assumptions; competitive actions by other companies; changes in laws or regulations; and other factors, many of which are beyond our control. 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.

**Forestar Group Inc.**

**Anna E. Torma, 512-433-5312**